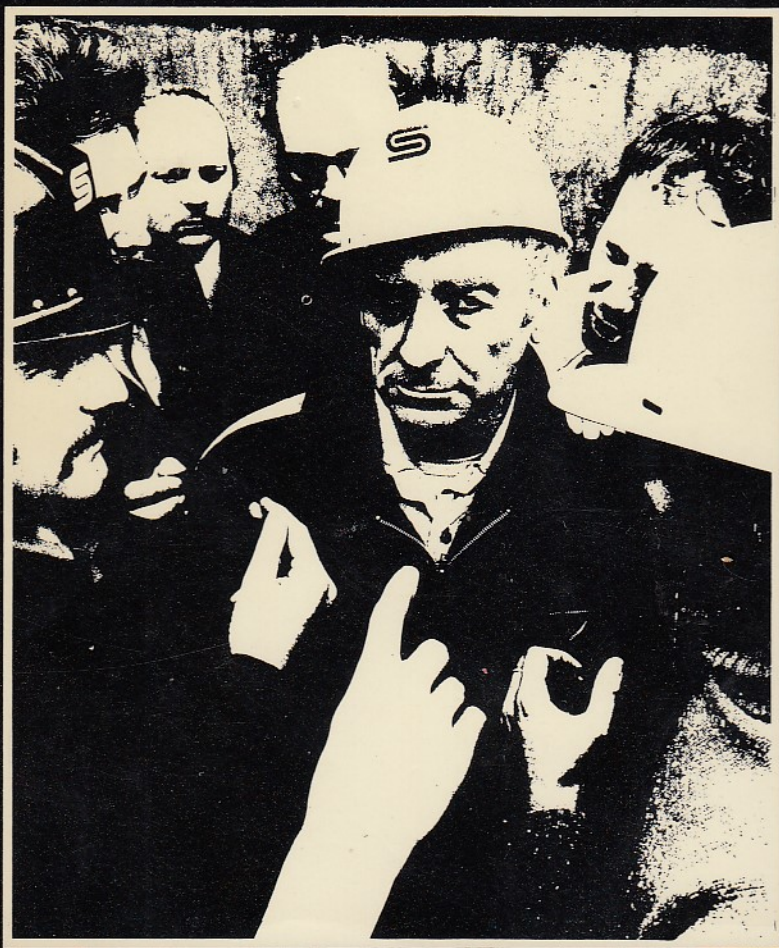


WORKER DIRECTORS SPEAK

THE BRITISH STEEL CORPORATION
EMPLOYEE DIRECTORS
WITH JOHN BANK AND KEN JONES



GOWER PRESS

Worker directors speak

Dedicated to all future worker directors

Worker directors speak

by the British Steel Corporation Employee Directors
with John Bank and Ken Jones

Gower Press

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Foreword

by W SIRS

Chairman, TUC Steel Committee

The appointment of employee directors to the group boards (as they were then called) of the British Steel Corporation, following nationalisation, was described at the time as an 'experiment' in industrial relations. This book has a particular interest in that it sets out the views on the results of that experiment of those who were the guinea pigs, and who are therefore in a unique position to express a point of view.

It is a timely book, given the recent publication of the Bullock Report on industrial democracy in the private sector of industry, which will include private steel, and the deliberations of the Lord Committee on industrial democracy in the nationalised industries, about which little has been heard and which may not see the light of day.

What has to be remembered by readers of this book, who may not all be familiar with the recent history of the British Steel Corporation, is that the 'experiment' has not been conducted in the ordered calm of a laboratory. In fact, it has been carried out amid the stress and uproar of an industry which has been undergoing fundamental structural change and at the same time trying to adjust to enormous pressures created by adverse trading conditions. This has had grievous effects on the levels of employment and earnings of steelworkers.

Because of this, many of the employee directors have in the recent past been subjected to severe conflicting pressures. At board meetings, management have urged them to determine their attitudes in light of what the management themselves regard as the *long-term* interests of the Corporation and those who work in it; when they return to the shop floor they have been pressed with no less intensity by their fellow workers to be mindful of the *immediate* effects of management's policies on their earnings and employment prospects.

This conflict between the longer term and shorter term is the classic dilemma at the heart of all forms of 'worker participation'

in industry, above all an industry which is subject to severe change. The employee directors deserve praise for managing the situation as well as they have.

In the nature of an experiment such as this, it is impossible to arrive at conclusions with which all those concerned will agree. However, I wish to put two points on the record. First, it is the view of my own Union that the new initiative in industrial democracy that the appointment of the employee directors constituted has proved to have been very well worth while. Second, I feel certain that, whatever judgment people may finally make about the success or otherwise of the experiment, all will agree that it has been of great value in providing practical experience of the problems which industrial democracy creates, as well as the opportunities which it provides.

At present the TUC Steel Committee, of which I am Chairman, and which brings together all the nationally-recognised unions in the British Steel Corporation, is in fact engaged in evaluating the experiment, as part of their consideration of the whole question of the future of worker participation and trade union participation in the decision-making processes of the Corporation's management at national, divisional and works level. This book will provide useful additional information and insight to the Committee in that endeavour.

Introduction

by RON SMITH

Main Board Member, British Steel Corporation (1967-77)

Anyone in 1977 wishing to see a truly purposeful debate on the subject of industrial democracy and participation in this country will want to know what has been happening to the only group of British worker directors since 1968. They will warmly welcome this book by the BSC employee directors in which they tell – largely in their own words – what entry to the board room meant for them. The book brings out their early difficulties, in particular the problem of role conflict, while demonstrating their final acceptance by many among the Corporation's senior management, who were converted by personal contact and experience of working alongside them. Such a conversion was publicly acknowledged by the past chairman, Sir Monty Finniston, among others. The very first resolution adopted by the first Annual Conference of the Iron and Steel Trades Confederation (ISTC) last year was in support of an extension of employee participation at board level.

Early in 1976 I told our employee directors that when, as I believed would be the case, worker directors would in a few years' time exist in most major companies, then some of the credit for this would be due to them, to their ready acceptance of the challenge of a new job together with the enthusiasm with which they had tackled it. There was little in the way of help and guidance we could offer them, and as George Woodcock put it, 'You are grown men, go out and do a man's job!'

With hindsight, however, I think we did them a dis-service by just leaving them to sink or swim and we should have tried to give them better definitions and guide-lines than we did. I regret this.

The lesson to be learned from this omission is an important one in respect of those directors who will come from the shop floor, and indeed of those others who will be making up the non-executive policy boards of the future.

In completely separate exercises, both Hugh Parker in this country and Peter Drucker in the United States are challenging

the present concept of non-executives taking just half a day a month to attend to a company's affairs. They each feel a need for there to be a definitive job description which can apply to all non-executive directors, whatever their origins. (The basis of what they are saying is that there is no value whatsoever in making policy without the facilities to monitor its implementation.) To do this it is necessary to have the freedom, the time, the staff and the information with which to effect that monitoring and then the authority to control the executive which comes from the power to hire and fire. This is not a matter for delegation. In West Germany power to appoint the *Vorstand* (executive board) is held exclusively by the supervisory board, and the appointment of the personnel member is also subject to the acceptance of the employee representatives on the supervisory board.

These powers would not have been appropriate for the BSC's employee directors because they were not on the main board, but they are essential if their Manifesto is accepted and for those who come along in the future as a result of Bullock. Without these things, membership of a board is merely a head-nodding process and not one I would recommend to my old trade union colleagues.

I wish all our employee directors well in the future. I am proud to have been so heavily and personally involved in their introduction into the British Steel Corporation.

Preface

The debate on worker directors in Britain has a serious gap. Only a few dozen workers have actually become board members whilst retaining their regular jobs. The few worker directors in the private sector are scattered and isolated. Those in the public sector are concentrated in only one firm: the British Steel Corporation.

Not only are they few in number, few people have bothered to ask them about their unique role in British industry. Despite a twelve-month inquiry by the Bullock Committee, the voice of the worker director has yet to be heard.

The Bullock Committee has recommended the establishment of worker directors in private enterprise but the Committee did not solicit the views of the largest group of worker directors – those at the British Steel Corporation.

The civil service committee of inquiry into industrial democracy in the nationalised industries, known as the Lord Committee, has also failed to contact them, and the debate is the poorer for it.

They naturally resent this indifference. 'I admit that the terms of reference of the Bullock Committee excluded the public sector, but the same practical problems will be faced by employee directors in the private sector as in the BSC – relations with the shop floor, with the unions, with management, how to "wear two hats", confidentiality, learning the routines and jargon of the board room. Yet nobody asked us for our views.'

It is important to understand the changes these first worker directors underwent – how they established themselves in a job for which there was no precedent. The men were appointed to divisional boards – not the main board – but one division encompassed as many as 90,000 employees and none fewer than 47,000.

Journalists, politicians, academics, managers, trade union leaders and employees who disagree with the idea of worker directors often say things about them that are biased and ill-informed. At times they dismiss the whole idea of worker directors with derision. Mr. Jan Hildreth, Director-General of

the Institute of Directors, said: 'The Bullock Committee's proposals are irrelevant, dangerous and have about as much justification as the Emperor Caligula's idea of making his horse a consul.'

The seventeen employee directors of the British Steel Corporation offer their experiences in this book as a positive contribution to the debate. 'We are fed up with people being critical of the worker directors without knowing what the hell they're talking about,' one of the men said. 'We want to set the record straight, to communicate our experience of participation – what we do, how we do it, what we're thinking about for the future.'

Do worker directors themselves feel they are badly equipped for the job? How do they cope with role conflict? Are they sell-outs to management, or subversives? Do they carry the shop-floor conflict into the board room? Is confidentiality a serious problem for them? Can a worker director be a trade union official and an effective board member at the same time? How do they deal with closures and redundancies in a retrenching steel industry? What happens when they become involved in strikes? Are they merely trouble-shooters for the personnel department, or the vanguard of workers' control?

The BSC employee directors talked about all these matters in fortnightly group discussions, usually held in their own time, between September 1976 and January 1977. We tape-recorded most of the discussions, typed them, and fed their views back to them in further group discussions and interviews. From more than two hundred hours of discussion, this book has emerged. It is about the reality of being a worker director as they see it. We made no attempt to view the role from the perspectives of others. Nor have we critically analysed their experience. We are interested in conveying 'gut feelings'. We believe, with Augustine, 'it is better that the professors should reproach us than the people not understand.'

The employee directors largely tell their own story as it developed over the past nine years. They chose to do so anonymously, but we feel something of their colourful and contrasting personalities breaks through. We depart from the anonymity for an interview with Ward Griffiths, one of the original twelve employee directors, now a member of the Corporation main board.

Early on we fill in the background to the BSC employee

director scheme for those unfamiliar with it. We include their Manifesto which sets out their demands and beliefs now. Although the language had to be precise and technical, the spirit behind their demands is one of restless energy to get on with the work of participation in an expanded scheme. At the end of the book we try to draw the threads together and put the BSC scheme into the context of the larger discussion on worker directors.

The BSC worker director experiment was the first move towards board-room participation in Britain. It has come under fire from all quarters. Throughout it all the men have kept their humour. 'If I spend time away from my regular job, the critics say I'm cutting myself off from the shop floor. But when I go to my regular job in a control pulpit in a fully automated plant, the next bloke is about a quarter of a mile away. It's so isolated management has installed tropical fish near the control panels for companionship.'

About some things they do not agree – including the 'two hat' problem. There is no forced consensus view. The individual employee directors candidly speak for themselves. One man puts the conflict he felt in personal terms. 'How you feel inside is important. You go into a board meeting and all the evidence is put before you for demanning. You know specifically that such a decision will cut a crew back from eight men to six. Experiencing that, you then walk out of the meeting and later in your role as plant secretary for your trade union you get word that they are going to deman and you have to fight it and say it's bloody well not on. It gets a bit awkward because you're the same person.'

The employee directors as a group were involved in the writing at every stage and approved the final text (apart from the last chapter) prior to the Bullock report. They accept joint responsibility for the book with us. The British Steel Corporation is in no way responsible for the views expressed in the book.

We are grateful to our colleague, Professor Innis Macbeath, for his support and helpful criticism of earlier drafts. We appreciate the contribution of Rex Adams from Ashorne Hill on the formal training of the employee directors.

We wish to thank Ann Dixon, Margaret Jessup, Cordelia Ooi, Susan Ascott, Patricia Hanney and Leticia Rubello for preparing transcripts from the tapes and for typing, and Shirley Jones for proof-reading.

We also want to thank Ashorne Hill – the Steel Industry Management College – and the London Graduate School of Business Studies for providing facilities for meetings. The BSC also gave valuable assistance by offering typing and duplicating facilities and by meeting the expenses of the employee directors during the writing of this book.

Parts of Chapter 14 are based on material first prepared for a feature in the *Sunday Times Magazine*, and our thanks are due to the editor of the Magazine for his permission to use the material in this way.

John Bank
Ken Jones
London, February 1977

Part I Manifesto

1 Employee Directors' Manifesto*

We believe that there should be employee directors on the policy-making boards and committees of public and privately-owned organisations. For the role of employee director is a response to the democratic imperative that those who are affected by a decision must share in the making of that decision.

Employees are entitled to have employee directors as a right, not a privilege or a concession. The institution of employee director is rooted in a system of participation that includes trade union recognition, collective bargaining and joint consultation at all levels.

Nine years ago, the British Steel Corporation, the Trades Union Congress, and the trade unions involved in the steel industry, began an employee director experiment. We helped that experiment evolve into a new institution. We are committed to the further growth and development of the employee director concept and, towards that aim, we believe that:

1. *There should be employee directors on the main Corporation board and its policy-formulating committees.*
2. Employee directors should also be represented on subsidiary boards/management committees, sub-committees and working parties where they can influence policy development.
3. *Initially, the employee directors should hold a minimum of one third of the Corporation board seats and one third of the divisional board/management committee seats.*
4. All employees of the Corporation who are members of BSC nationally recognised unions within the Trades Union Congress Steel Committee should be eligible for appointment as employee directors.
5. The British Steel Corporation and the Trades Union Congress Steel Committee should divide the Corporation

* The *italicised statements* represent changes which the BSC employee directors believe should be made to the scheme.

into the appropriate number of constituencies for the selection of employee directors from the different boards. The member unions of the TUC Steel Committee should jointly agree on a process for presenting nominees which will ensure a fair balance between the different unions, occupations, and regions.

Each union must, within the limits of its own constitution, develop an appropriate method for choosing nominees.

The nationally recognised TUC affiliated unions should, through the TUC Steel Committee, nominate as employee directors at divisional and wholly-owned subsidiary level trade unionists employed by the Corporation, for formal appointment by the chairman of the Corporation.

Appointments to the main board should be made from employee directors at lower levels. The TUC Steel Committee should consult with all the divisional employee directors and then the chairman of the Corporation before making nominations to the minister. No employee director should sit on the main board of the Corporation and lower level boards simultaneously.

6. Employee directors should be expected to report regularly to appropriate trade union joint consultative and trade union committees in their constituencies, to regional full-time officers and to the TUC Steel Committee.

Employee directors should not be mandated but, as representative of all the trade unions in their constituencies, are accountable, broadly, to the trade unions and should seek the views of the shop floor and the trade unions.

They should be appointed for four-year terms and be eligible for reappointment. *During their period of office, they should be removed from the employee director post only as a result of a decision of the minister with regard to the main board, or a joint decision of the TUC Steel Committee and the chairman of the BSC at lower level.*

7. Employee directors should continue to work at their normal jobs when not engaged on other duties.
8. Employee directors should be eligible to hold any lay trade union office in their own unions.
9. All new employee directors should undertake a concentrated training course created jointly by the TUC Training College and the Steel Industry Management College.

There should be additional training courses and seminars as appropriate.

Employee directors should have the right to expert advice from the trade unions and the BSC to enable them to fulfil their duties.

10. Employee directors should be given any management information they request, and automatically receive all information relevant to their positions on boards, management committees, sub-committees and working parties.
11. Employee directors should respect trade union and BSC confidentiality.
12. Although employee directors share responsibility as board members, *they should have the right to have their dissent to particular decisions and policies recorded.*
13. *Employee directors should have the right to hold regular meetings among themselves at divisional and national level.*
14. *Employee directors should have the same status, facilities and services necessary for the fulfilment of their duties as other directors of the BSC.*
15. The employee director concept should evolve to take account of changes in the industry and in the external environment.

8 January 1977

Bill Abrahams

John Allan

Jim Armstrong

Roy Chilton

Ken Clark

Larry Eaton

Doug Farrell

Norman Jackson

Arthur Jewison

Jimmy Kane

Jack Leonard

Joe Lewis

Jim McLaren

Alan White

Cyril Whur

David Williams

George Williams

Part II The experiment

2 The idea emerges

We never had any doubt in our minds that the whole employee director idea came about as the result of the personal convictions of Lord Melchett and Ron Smith. However, we knew little about how they persuaded their colleagues to accept the idea or about the discussions with the TUC.

An Organising Committee to prepare for the establishment of the nationalised sector of the British iron and steel industry was appointed by the Minister of Power in late 1966. The first two permanent appointments were Lord Melchett as chairman and Ron Smith, General Secretary of the Union of Post Office Workers, as the member with special responsibility for advising on the development of personnel, industrial relations, and social policy. These two men, who at first glance had little in common, were both extremely interested in trying to develop in the National (as it was then called) Steel Corporation methods of involving employees in influencing management decision making which went beyond the statutory requirements regarding collective bargaining and joint consultation.

At the meeting of the Organising Committee on 6 February 1967, the composition of the boards for the operating groups (later changed to product divisions) of the new corporation was discussed. Melchett made it clear that these group boards might include part-time members, some of whom could be workers who would sit on the board in a personal, non-representative capacity.

The Committee agreed that means ought to be devised to achieve this end. At the same time they recognised that the men concerned could find themselves in difficult circumstances with regard to their relationship with the shop floor. Several suggestions were considered for overcoming this problem, including making retired workers employee directors. Finally, it was agreed that the chairman, in conjunction with Ron Smith, should put forward proposals at a later meeting.

Within two weeks a meeting took place between the Organising Committee and the National Craftsmen's Coordinating Committee for the Iron and Steel Industry to discuss

the craft unions' proposals regarding the future organisation of the nationalised industry. The Coordinating Committee, which included the Amalgamated Engineering Union, the Electrical Trades Union, the Boilermakers, the Foundry Workers and the Plumbing Trades Union, put forward various proposals for 'workers' participation' in the nationalised iron and steel industry. It was suggested that five out of the thirteen members of the national board of the Corporation should be nominated by the trade unions; that group workers' councils should be established which would have the power of ratifying, or not, the appointment of the group chairmen; and that plant boards 'should comprise the chairman of the enterprise (subject to ratification by the workers' council); six departmental managers or foremen ratified by departmental committees or shop committees, and six workers elected by the workers' council.' (Paragraph 53(ii) of the Workers' Participation Document of the NCCC published April 1976.)

A special sub-committee was now set up by the Organising Committee to make proposals on the subject of employee participation. The chairman asked in particular that the terms which had been used in the discussions on participation should be clarified and specific proposals made to the Committee.

The paper produced by the sub-committee argued that the main problems in appointing employee directors would be '...those of divided loyalties and the relationships between supervisory staff and supervised board members and between the board member and his fellow workers.' Nomination of the employee directors by the unions in the industry, through the TUC, was seen as one possible way round this difficulty.

The basic approach outlined in the paper was approved by the Organising Committee, and it was agreed that Lord Melchett and Ron Smith should now approach the General Secretary of the TUC, George Woodcock, to put to him, informally, the Corporation's proposals. In mid-April it was reported to the Organising Committee that George Woodcock's reaction was generally favourable but that he had expressed some reservations about the idea that employee directors should be paid, the need for them to share full corporate responsibility, and the fact that they would not be 'elected' by the shop floor. The Organising Committee then went on to consider, and approve, the following proposals, which were eventually used as the basis

of a press statement on 1 May 1967:

1. The part time directors of group boards should normally include up to three employees in the industry, drawn from any level from middle management downwards, and the individuals would continue to work in their regular jobs.
2. Their regular employment should be in parts of the industry outside the group concerned.
3. A list of nominations should be drawn up by the Corporation in consultation with the TUC.
4. The list should not include full-time union officials in view of their responsibility for negotiations with management. Shop stewards could be included but should probably stand down from their shop steward positions for the duration of their appointment to a group board.
5. The Corporation would discuss the list with the chairman of the group board concerned before making any appointments.
6. Directors appointed would have to accept full corporate responsibility* for the decisions of the board.
7. They would be paid the same salary† and be entitled to the same expenses as other part-time members of group boards, with additional compensation for any loss of normal earnings.
8. They should be given the necessary facilities to carry out their tasks as members of the boards of another group.
9. The appointment should normally be for three years, subject to (10) below.
10. The whole arrangement should be regarded as experimental and should be reviewed by the Corporation, possibly in consultation with the TUC, about two years after the group boards were set up. It could then either be

* This clause became redundant because it was decided that only the main board should have 'corporate responsibility' and decisions at group board level became the ultimate responsibility of the group chairmen, who would reach these after taking account of the views of his full-time and part-time members.

† The employee directors initially received an annual payment of £1000, the same as the other part-time directors. This was increased to £1500 in 1974. Their duties as employee directors usually prevent them from working overtime. On balance their annual income is only marginally greater than before they became employee directors.

abandoned or, on the other hand, extended to cover sub-units within the groups.

At the meeting some minor amendments were made but the essential features of the paper were approved. However, one important member of the Committee, who unfortunately had not been present when the paper was discussed, proposed by letter certain further amendments to the paper, and of these the most important was with regard to shop stewards who might be nominated. He suggested that the word 'probably' in para. 4 should be omitted.

When the Organising Committee met the TUC Economic Committee on 25 April, the chairman of the Corporation touched upon the proposals the Organising Committee was thinking of making regarding the involvement of employees at all levels in the policy-making functions of the Corporation. There appeared to be a generally favourable but cautious reaction from the TUC representatives, and Lord Melchett promised to send the TUC more detailed proposals within a few days.

Two days later Ron Smith formally wrote to George Woodcock. His letter made it clear that the Organising Committee was not unaware of the problems which could arise for the employee directors. They had therefore tried to develop a scheme whereby the individual was left free to place his knowledge and experience at the service of the group board without regarding himself as the formal representative of the employees, since this function rested with the unions and was discharged through the established negotiating and consultative machinery.

The letter went on to outline the proposals that had been agreed to at the last meeting of the Organising Committee.

At the next meeting between the Organising Committee and representatives of the TUC – who included Vic Feather, Len Murray, Jack Jones, John Boyd and Joe O'Hagan – the union officials argued that the scheme would only be valuable if the employee directors were trade union representatives. However, if this were granted, there would be no question of the employee directors reporting back to the unions on confidential matters. With regard to accountability it was the view of the union officials that the employee directors would be responsible to the TUC and not to their own unions.

On 10 July the Corporation and the unions agreed that

employee directors could serve on the boards responsible for their own works but that, on appointment, they would have to relinquish their trade union positions. The unions accepted this compromise put forward by the Corporation.

The total process, from the time proposals were first discussed at the Organising Committee, in February 1967, to reaching agreement with the Steel Committee of the TUC, took approximately five months. From the early days of the discussion the Organising Committee were concerned about potential role conflict and about the employee directors' relationships with supervisory staff on the one hand and with their fellow workers on the other. The main method the Corporation proposed for overcoming potential role conflict was resignation from trade union office. In practice this proved to be a serious weakness as it caused ordinary employees to be suspicious and also made the relationship between the trade unions and the employee directors more difficult than it need have been. Later experience was going to show that once the scheme was well established role conflict was not an insurmountable problem. The Corporation, however, correctly identified a major problem as being the relationship between supervisory staff management and employee directors. Although it is almost certain that the relationship between the employee directors and their fellow workers would have been better if they had retained their trade union positions this arrangement would have worsened the difficult relationship between supervisory staff, management and the employee directors during the critical early years of the scheme.

3 Selecting 'the twelve'

The selection process for employee directors originally consisted of three main stages. Stages 1 and 2 involved '... nominations from the TUC on behalf of the unions in the industry, from which it could constitute a list of those suitable for these appointments', and Stage 3 was to be appointment by the chairman of the Corporation. However, one area of potential contention was that 'The Corporation's list would need, however, to include names from members of middle management and perhaps staff whose organisations, where they exist, might not at this stage be within the purview of the TUC, and the Corporation would have, therefore, to hold itself free to consult within the industry.' (Letter from BSC to TUC 27 April 1967.) The reason for this appears to have been that at that time only between twenty and twenty-five per cent of middle management were unionised and indeed in some of the new groups the percentage was probably as low as five per cent. Furthermore, a considerable proportion of these were in fact members of unions not represented in the discussions between the TUC Committee and the BSC.

Initially the Corporation hoped that the nominations would be received by the end of August and the appointments made by mid-September. The TUC wrote to the individual unions in early August and on 26 October the Corporation received a list of eighteen names. The accompanying letter made it clear that the TUC intended submitting an additional list of nominees drawn from middle management in the industry. Within a fortnight a further list of sixteen nominations, who came from the middle management area, was sent to the Corporation.

Up to this point the selection process had been in the hands of the individual trade unions and the TUC office. Each union chose its own method of constructing a list to send to the TUC. In one major union 'The request for nominations was brought up in executive business and it was explained that names were to be submitted by the executive council to the Steel Committee. There were no branch nominations so we went through a process of elimination in the executive because the nominations were

crossing the union's divisional boundaries. The executive finally short-listed these people and then they were sent to the TUC. I think that seven or eight executive council men were nominated and I have since been told that four executive councillors from my union were on the short-list submitted by the TUC to the BSC.' Some other unions used the traditional procedures for nomination to trade union positions. 'This was done branch-wise in all appropriate branches in my union. My branch decided to nominate only me. My name then went through the system to the district, from the district to the region, then to the executive in London and from the executive to TUCSICC. I gather there were about thirty-seven nominations by the time it reached the regional office and I understand that none were vetoed but all of them went to the national executive, who then passed on a smaller number to the Steel Committee.'

In one of the unions with comparatively little involvement in the industry, national-level support for a branch nomination came as a considerable surprise. 'I was doing my job when the manager rang me up and said, "I have a union organiser here with a union official and they want to come over and see you". I said, "What do they want to see me for?" They came in the office and said, "There is going to be a new set-up in the Corporation and they are going to have shop-floor representatives on the board. What do you think about it?" I said, "Well, I think you really ought to explain it to me." So the official said, "The union is considering nominating you and we want to know whether you would agree to your name going forward with several others."'

The role of the TUC office in this process was a difficult one which in future, as it turned out, they were not going to fulfil. Altogether the TUC received about ninety names from the individual unions and they had the unenviable task of drawing up a short-list which eventually consisted of thirty-four people. Of these, seventeen came from the ISTC, two from the NUB, five from the TGWU, five from the GMWU, three from the AEU, one from the Boilermakers and one from the Bricklayers.

The employee directors were not aware at the time of how they were finally chosen, but 'I have since found out that towards the end of 1967, Lord Melchett discussed the question of the nominations with his group managing directors, and I know that about the same time somebody was making enquiries about me both within and without the Corporation, including the general secretary of my union, as to whether I would make a suitable

employee director.' Also his experience in union matters led another employee director to state, 'I suspect that my general secretary was consulted because if all of us who had been nominated had been appointed he would have lost about a quarter of his executive.'

By the end of February the acting chairman of the Corporation* was able to show the final short-list unofficially to a very senior official in the TUC before the selection process was completed. The only remaining stage was the formal interviews between the acting chairman and those who had emerged out of the selection process.

'It was a short interview, about five minutes I think, but it was made clear to me by the acting chairman not only that I would have to resign my trade union positions but also that he felt it would be desirable if I did not attend my branch meetings. Some did accept this advice about their branch meetings but I didn't, and I am very glad I didn't, especially since I learnt later on that the acting chairman was expressing a purely personal view.'

'I agree that the original selection process was undoubtedly unsatisfactory and undemocratic judged by normal standards. However, it is doubtful if a more effective and fairer method could have been devised at that time. The basic qualification seems to have been that those appointed should have considerable trade union experience as part-time officials. Also half of us had in fact been members of our national union executives and another quarter had played some part at national level within our union. A further additional strong qualification seemed to be if we had been active in local authorities or other public bodies.'

It has been suggested that the group board chairman had a power of veto but the record shows that in all but one case the various reservations of the management of the Corporation were overruled in favour of the views of the nationally recognised trade unions. On the other hand, none of the individuals nominated solely by the group board chairmen was appointed.

All of the twelve who were offered appointments by the acting chairman of the Corporation had it made clear to them that they would have to resign their trade union positions and this naturally caused some anxiety even though they were aware that

* Lord Melchett at this time was recovering from a heart attack and one of the deputy chairmen was appointed acting chairman.

the Steel Committee had, albeit reluctantly, agreed to this condition. 'I gave very serious thought to my position, having been a branch trade union official for a good number of years, a chairman of the local district and a member of the executive, but for several years I had supported the idea of worker directors and workers having a bigger say in the running of their industry. This new scheme appeared to me to be a stimulating challenge that I thought would be very worthwhile and would advance the shop floor considerably. So although I had a little bit of trepidation about the move, it was quite clearly a step forward in the right direction and a challenge that I honestly couldn't step back from.'

4 Preparing for office

I left school at fourteen because I was the eldest and wanted to help my father support the family. Most of us had similar circumstances. Going on that course after being out of school for twenty-five or thirty years was a frightening experience.

There's not much point in putting people amongst others without some basic training to understand the economics of planning an industry and that kind of thing.

We all went to the same university – the university of life – which has equipped a bigger number of people to deal with a vast amount of problems, many of which have their origins in the minds of well-lettered men who went to great halls of learning.

Unlike the manager promoted to his divisional board, the employee director has not risen through the managerial ranks, gaining specialised knowledge of the Corporation and expertise in managerial functions. Service on local government or other public bodies had familiarised some employee directors with the nature of board work, but these men needed to learn about the specifics of steel in spite of their average twenty-four years of service in the industry and to gain a 'feel' for the problems which concern a divisional board.

'A fair number of us were in local government and knew what the decision-making process was all about. We had the responsibility of spending millions of pounds and this was done purely on the kind of advice any ordinary member of the board would be given. We fully understood the basics, but there was much to learn about how it worked in steel.'

The employee directors also had experience and confidence as successful trade unionists: the task was to become effective board members as well. It involved a whole range of personal qualities as well as knowledge and skill, and education and training had an important contribution to make.

'Some of us had served on the national executive committees of our own unions, and knew how consensus was reached on important matters,' one man said. 'We weren't new to committee politics and the mechanics of decision-making.'

'A good trade unionist always attempts to see management's

point of view and is reasonably well-informed about what management will try to do,' another man offered. 'That role wasn't completely strange to us.'

A senior staff member at Ashorne Hill, the steel industry's management college, had in-depth experience with trade union education. He and his colleagues proposed a course for employee directors that would be provided jointly with the TUC College. It was hoped that the employee directors would obtain the benefits of management education and help in developing their new trade union relationships from the two best sources. They would hear diverse views on aspects of BSC's development planning, the operation of the national economy and other matters from the two sources. This added a realistic complexity to the learning situation.

A joint management-trade-union course also helped the employee directors avoid the charge that they had 'sold out to management' as soon as they had been appointed and gone off to the management college. This approach was particularly important in those early days when some trade union leaders were highly sceptical of the idea of employee directors and doubted their ability to remain loyal trade unionists.

'It was absolutely essential for the training to be seen as a joint affair,' one man said. 'It would have been wrong to embark on a programme of participation while receiving information and tutoring from only management. People would have viewed that as brainwashing.'

The head of the TUC College and staff at Ashorne Hill together planned the course as a five-week introduction, envisaging follow-up sessions at a later date. The course was designed on a sandwich model – two weeks, gap, two weeks, gap, and a final week. During the breaks, the employee directors worked at their normal jobs in the works.

The course was to help the employee directors 'fulfil their new responsibilities with maximum effectiveness.' It provided:

1. an appreciation of the national economic framework within which the steel industry operates.
2. increased awareness of (a) the issues facing the British steel industry, particularly the nationalised sector, and (b) the organisation and policies that BSC was adopting.
3. a discussion of some major aspects of trade union and TUC policies.

4. an introduction to modern thinking about management, and to relevant management techniques.
5. an opportunity to formulate views about the role of the part-time director on group boards.
6. the opportunity to develop socially and personally in a learning environment.

Considering these purposes, the course was rather short. (The Ashorne course for middle managers, which follows earlier preparation, lasts eight weeks.) The alternative idea of covering much less ground in greater depth was considered but not followed. It was assumed that the employee directors would receive further training on specific topics, and that they had access to the functional specialists within their divisions like other board members.

There was a sound logic to the very wide-ranging approach. It began with the need of the employee director to deal with the full range of activities in his division. The largest division employed 90,000 people, and no division was less than half that size. These activities at divisional level could only be understood in the context of the whole Corporation, whose strategies and policies, in turn, had to be viewed within the national economic scene.

The course was not a condition of appointment for the employee directors but at their formal interviews they were encouraged to take it before assuming their new duties on the boards. A member of the Ashorne staff visited each employee director at his works and discussed the course with him, and in most cases, with his general manager. 'A teacher from the management college met me at my works and we talked about the general idea of the course,' one man recalled. 'I think he was searching for the best approach to us, trying to find out what kind of people we were and what we expected from a course. It made me enthusiastic about the training.'

The actual course developed the following themes:

- week 1: Role of the employee director; board meetings.
- week 2: The British economy, and economics of steel.
- week 3: Finance and accounting, including capital appraisal.
- week 4: Statistics; BSC policies in various areas.
- week 5: Projects on planning in steel and on participation.

At the outset the course was to help the employee directors to understand a new, distinctive and ambiguous role, of which little

was known except by analogy. 'One of our first group projects was to sort out our ideas on what the role of the employee director was,' one man said. 'The acting chairman of the BSC came to Ashorne Hill to give us his ideas on our role. We talked a lot about it, but the picture didn't really come into focus until we were actually doing the work of the employee director much later on.'

The methods were intensive. Besides talks and discussions, a good deal of individual and group work was set, including readings, preparation of talks to be given to the class, and projects. Two full-time tutors, both experienced in working with trade unionists, coached the twelve men. This allowed for a technique called 'work review periods', which has been used on all subsequent employee director courses. In the work review time the men, divided into two groups, met with their tutors to consider any problems that might have come up in the formal sessions. The tutors also discussed with the men the meaning of what had been said in the classes, how it related to the other talks, and what it might mean for them as employee directors. The very close contact with the tutors, who attended all the sessions of the course, proved to be an important support for the employee directors with little formal education. (Only one of the original twelve men had stayed in school beyond the age of fifteen.) The good working relationship between the men and their tutors encouraged them to engage in self-questioning. Opinions and attitudes that had been unchallenged for half a lifetime were re-examined. If they wanted to, the opportunity was there to share their questioning with the entire class, the staff, or a guest speaker. In the main this was an informal process left to discussions in the bar at night or conversation on walks in the gardens.

In the absence of a clear job description, the course worked on the barest outline of their role. They would attend their board meetings, and take part in the business. Their background and continued work at their normal jobs equipped them to advise the chairman on the likely attitudes and responses of workpeople to proposals. But many of the employee directors did not envisage a role limited to personnel matters. They wanted to exert influence on a wide range of issues.

The course included a mock board meeting. 'We played the various roles of the board members – how we thought they'd

react – but our mock board was already out-of-date, it didn't have an "employee director",' one man said.

A degree of realism was incorporated by using actual board papers from an earlier time. At one point in the course, employee directors formed their own decision on the then topical question of whether the Llanwern development scheme 'C' should go ahead, on the basis of the figures presented to the board, and their questioning of an accountant and a technical expert from the Llanwern Works Group.

'Although we were in three separate groups we made the same decision for about the same reasons – not to build the blast-furnace at that time,' one man recalled. 'We didn't realise it then, but the board of Richard Thomas & Baldwin had, in fact, made the identical decision for similar reasons. My group had even proposed, without using the name, the concept of torpedo ladles, which the BSC was developing.'

Later at the TUC College the men undertook a series of classes that were similar to those given to full-time trade union officials. They included talks and exercises on statistics. During their period in London, the employee directors were taken to the Corporation's new headquarters in Grosvenor Place for a series of talks on various BSC policies. They visited the House of Commons, and Congress House, and heard a variety of speakers including the Director General of the Confederation of British Industry. They held discussions with trade union general secretaries, and heard a talk from TUC leader George Woodcock. Vic Feather had gone to Ashorne Hill to speak to them. Lord Layton, a BSC main board member, talked to the men at the TUC College.

A few special social functions encouraged personal acquaintanceship between the employee directors, other board members, the secretaries, and some general managers of their own works. These kinds of activities, coupled with a misunderstanding of the course, led some critics to say that the employee directors were 'socialised' into management.

The first course also included individually chosen projects on aspects of industrial democracy and public accountability in Britain and abroad. These projects were started at Ashorne, continued at home during the breaks in the course, and reviewed in individual tutorials at the TUC. Group project papers were also produced at the TUC College.

The five-week course was the first hurdle the employee

directors faced in their new jobs. They had given up important offices in their unions to tackle something virtually without precedent in the country, a task which could not be clearly spelled out at the time. They brought to Ashorne and the TUC College high hopes, great enthusiasm and determination not to let down their union colleagues who had proposed them, or Lord Melchett who had appointed them. They were anxious to disprove the views of those within and outside the steel industry, both managers and trade unionists, who were sceptical of the whole idea.

The unfamiliar nature of much of the course content, the volume of reading, the pressure and pace of the course, pushed some men near to breaking point. 'We worked from breakfast till midnight on that crash course,' one man said. 'It didn't seem to click with me. On Wednesday of the second week I said, "I've had enough of it. I can't stick this and if it means I don't get the employee director position, then that's it".' Fellow employee directors took him aside. . . . He stayed and later did exceptionally well in the job.

The first course was high-powered and very tough. It was treated with deadly seriousness by the employee directors who were trail blazers. Subsequent courses* have involved less pressure and covered somewhat less ground. By then the role of the employee director had been defined in theory and practice.

* The main contents of the current course are outlined in Appendix B.

5 'A hammering from all sides'

On the management side, apart from the founders of the employee director experiment, there were few enthusiasts for this encroachment into the boardroom. 'We know very well that seventy per cent — more than that — were dead against us when we went into the first board meetings. A few favoured worker directors because they thought it was a good thing. Others because they had to. When we went into the first meetings we gave a good account of ourselves.'

No one had any doubts he was breaking new ground. 'Industrial democracy wasn't very popular at the time among many people,' one man said. 'It was a new field, but I wasn't worried, I wanted to go into it.'

Eagerness for the work did not make it easy. The same worker director called his entry 'a trial by fire'.

'I took more of a hammering from management than I did from the trade unions,' another said. 'There was a measure of goodwill with the trade unions. I could still go to my branch meetings and to the joint committee, and things didn't change much.'

'Management below board level couldn't understand how we could have a relationship. These men were the ones I had dealt with as a union representative. They became unsure of themselves, realising that I now had access to levels of information they didn't have. They resented this and felt they had an equal right to have this information, possibly a greater right. They gave me a real hammering.'

'I admit it is a bit awkward. One day the department manager is my boss and I have to carry out his instructions like other workers. The next day I'm off to a board meeting, and it's a meeting he'd love to go to. All this while it never occurred to us to say: "Let's sit down and see where we stand and what our relationship should be in this new order." I had mistakenly assumed that life would go on just as normal for me. I didn't allow for envy, jealousy and bitterness.'

His theme was picked up by other employee directors. 'I had as rough a passage as anybody. There were petty things that some

managers did to make life uncomfortable for us, to show their disagreement with all that we stood for. Like the chap who resented the fact that I drove my car into the works one day. He told the foreman to get me to move the car, since I wasn't entitled to have it there. I had used my own car only to keep from showing up in a chauffeur-driven company car. I didn't want to project that kind of image. But I told that manager my car was staying where it was, and it did.'

When the BSC installed a name plate above a parking space for another employee director, a particularly nasty individual registered his disapproval by driving two six-inch nails into his tyres.

The conflict with management was understandable. It was the resentment and at times just the lack of understanding from the shop floor and from the trade unions that was more difficult to take. It might, in part, be attributed to the sudden arrival of the employee director. 'It was an overnight thing, rather than a gradual build-up given the normal publicity and involving people the way it should have,' one man observed. Part, no doubt, was linked to the ban on holding union office at the start of the scheme.

'Sometimes we had to put up with jealousies and shop-floor gimmicks. "Now he's a manager; he's a big boy and he's lost bloody touch with us." That was the attitude in the early stages. And many workers and trade union leaders didn't want anything to do with us. I think some of the criticism stemmed from jealousy. "Why has what's-his-name been chosen for the worker director job, I could do that bloody job a damn sight better." He probably could, but it didn't mean that I should stand down and say, "Well, here you are, chum, it's your job." All of us worker directors had been selected for the posts by a joint trade union-management process. Fortunately there weren't many of these disappointed carnival queens.'

'Before I was made a worker director I used to attend joint meetings and other union meetings in my right as a branch official. I remember going to those meetings and watching some of the men who were opposed to the worker director scheme bar one of the original worker directors from those meetings. They said he was not a branch official and therefore not eligible to attend. It was only after a hell of a lot of pushing that we managed to get him in *ex officio*.'

It was a big disappointment for the employee directors to have

the top management design, and the trade unions approve, a scheme for them and then see it fail to receive the backing it needed straight down the line. The lack of support left them confused. 'We had a job to do and were all raring to go. So we asked government ministers, trade union officials, and even the General Secretary of the TUC for support. And we got a "go your own way" response. We had to sort that out in our own minds whilst trying to cope with a mass of people wanting to criticise every little move we made.'

6 Finding their feet

The employee directors attended their first board meetings in April 1968. Although, as a result of their experience as union officials, the majority of them had come into frequent contact with senior management in the old companies, they were now going to come face to face, nominally as equals, with some of the almost legendary 'characters' of the industry. Also, although familiar with formal committee procedure, they were quite aware that they would now be expected to adapt to unfamiliar methods of conducting business. So it is no surprise that 'When we first walked into the board room we were like jelly fish and were expecting the worst because it was a domain that prior to that no workman had trod.'

In the main, the four group chairmen were not over-enthusiastic about the new scheme but they proved to be sensitive with regard to the possible unease of the employee directors and this was appreciated by them. 'Before the meeting began, the chairman of the group asked us into his room and gave us an introduction as to how the meeting would proceed, people present and what freedom we had within the structure. He was indeed an extremely sympathetic person. He appreciated our difficulties, and gave us all the help he could. During the time he was group chairman, he never turned from one page of the agenda on to the next without enquiring of the worker directors whether they were satisfied. You were at liberty to ask questions relating to the agenda at any time during the course of the meeting.'

However, there were also some unpleasant incidents later on. 'The chairman of the group was helpful but one very influential director told us at a dinner before the board, "I don't believe in this scheme and I don't want you at the board." However, two years later the same man admitted to the board that he had been wrong and that we had made a real contribution to the board discussions.'

Many people have wondered what contribution the employee directors could bring to the board discussions but the employee directors themselves have had little doubt about their ability to

make useful inputs to the discussions. 'People's main criticism of us was, what did we know about it, running big business and high finance? O.K. You've got the various executive directors. They may be expert in one field but not in other fields and they probably knew no more about the running of the whole business than we did, apart from their experience of being with it. Many of us had been involved in running large local authorities and our own unions. Employee directors are intelligent chaps and they have a capacity to absorb and give the shop-floor point of view. It gives another dimension to the discussions that take place at board meetings. I think most decisions are the better for it.'

Probably the area in which they felt weakest was finance, but in most of the groups a system was developed whereby they received special briefings on the finance director's report and this, allied to a determination not to be seen merely as specialists in personnel matters, meant that gradually, as they gained confidence, they began to intervene in all types of discussion.

'Remember the capital scheme which came up and all the employee directors said that they weren't happy and wanted more time to consider it? The chairman agreed and when we had time to read and digest this thing, we found many loopholes in it and asked for even more details. The scheme was amended.'

But in spite of the apparently favourable reception of the employee directors at board level many of them felt on reflection, 'I think you've got to admit that for the first few years it was really a bit of a sham. People made you welcome, were very nice to you, but in many ways we were only a rubber stamp. I think that was to be expected.'

Another employee director, who was not amongst the original twelve, said, 'I think the employee directors, at first, were merely a sop to the workers, and the Corporation thought that if a couple of men were on the group board, although they would not be really effective, the workers would then believe that they were participating in decisions because they had a representative there.' But one of the original employee directors disagreed. 'That's not really it. When I went along I didn't feel myself as being a sop to management or workers, but I and my fellow employee directors on my board saw ourselves as individuals who had considerable experience in the industry and were able to put forward what we believed to be a shop-floor point of view before management arrived at a decision, so that even if we didn't affect that decision, at least the directors couldn't say that they

had been unaware of the shop-floor point of view. We usually didn't have enough impact to alter their decisions but we often affected their decisions.'

The employee directors had expected a certain suspicion and perhaps hostility from management but they had not prepared themselves for the problems created as a result of the resignation of their union offices. 'I think the main problem really was that because you resigned your union offices you lost the immediate contact, the day-to-day contact, but you were still expected to know everything that went on.' However, the same man went on to say, 'I think a lot depended on the person himself. I like to think that I succeeded in my probationary period with management and with the trade union movement. I continued to attend my union branch meetings and I think that helped me to keep the informal and friendly relationship which I had always had with all the trade union movement in my area.'

The general uncertainty of the employee directors, at this time, was summed up by one employee director. 'It was exceedingly difficult in the early stages to know where we were going. We met on several occasions, discussed it and felt thoroughly miserable because we wanted to go forward and nobody whom we thought we could turn to for advice could advise us which way to go. We had asked Woodcock at the end of the training course if he would be able to advise us in the future as we were the children of the trade union movement, and to this he replied, "You are grown men, go out and do a man's job." We had no idea where we had authority or how to get access to information, so all in all we felt in a vacuum.'

Although opinions regarding their effectiveness and the reasons for their problems may have differed, all the early employee directors agreed that 'We had been thrown in at the deep end. No one had told us what we were to do. After about six months we were rather fed up and disillusioned. Every employee director saw it differently because the pressures on them in the various areas were different. We now felt that we should have a job description that gave us certain rights. We met Lord Melchett, Ron Smith and Ken Jones* and let them know how we felt and it was agreed we should meet by ourselves for a week to

* Ken Jones was assistant to Ron Smith. He had special responsibilities for advising on the development and assessment of the employee director experiment.

work out our ideas. This we did and at the end of the week we met Ron and Ken and presented them with a document outlining our views. (See Appendix C.) This resulted in further meetings with Lord Melchett and the first job description.' (See Appendix D.)

The process of modifying and strengthening the original employee director scheme lasted from 29 January 1969, when the employee directors met Lord Melchett and requested the Ashorne Hill seminar so that, as a group, they could evaluate their experiences, until 15 December 1969 when, at a consultative meeting between the Steel Committee and the BSC, the job description and the reallocation of employee directors to the new product divisions* was agreed.

'The job description went through several drafts and I am not saying that we got all that we wanted from either the BSC or the Steel Committee, but at least it was now made clear that we could be involved in sub-committees and working parties and that we had access to functional directors and local management. Also the Steel Committee, by implication at least, was now encouraging trade unions to invite us to attend their meetings.'

The employee directors undoubtedly felt that the job description helped them to establish a recognisable role. 'The job description was written in such a way that it covered more than met the eye. It was a basis, and people working on that began to stamp their own personality on the job. It became easier to command respect and when we began to achieve that, people confided in us more as maybe we had the capacity and the ability to solve their problems. In practice I find people very often have their own answers themselves but they just want to talk to somebody whom they respect and who they think can help. It's not really waving a wand at all, it's only crystallising their own solution.'

* In April 1970 the Corporation replaced the original group structure with a product division organisation. The four divisions in the iron and steel sector had turnovers ranging from £508 million to £187 million and 85,700 to 40,000 employees. The remaining manufacturing activities of the Corporation were allocated to the Constructional Engineering and Chemicals Divisions which employed 9,000 and 1,400 respectively. The function of the divisional boards was to assist and advise the divisional managing directors (chairmen) on the running of their divisions. Each division also had a divisional management committee which, at that time, consisted only of the full-time executive members of the divisional boards. About the time this reorganisation took place three of the original four group chairmen relinquished their duties.

Another employee director felt that the real significance of the job description lay in the known involvement of Melchett in its development. 'Perhaps more important than the job description was that all top brass in the Corporation were now aware of how determined Melchett was that the scheme should be improved. At a meeting with all the managing directors designate of the new product divisions he made it very clear that he expected them to support us wholeheartedly.'

During these discussions Lord Melchett and the new product divisions' managing directors eventually agreed to a suggestion from Ron Smith and Ward Griffiths that the employee directors should once again be allowed to hold non-negotiating union offices. 'Melchett raised the issue of us being allowed to hold union office again and, to be honest, there were some differences of opinion amongst us. However, we agreed amongst ourselves to raise it with the Steel Committee when we met them in September or October, and, to put it mildly, they did not seem to be interested. So we dropped the idea.'

Although this potentially important change was dropped, the employee director scheme now had a better basis from which to develop. However, there were still significant weaknesses which were not overcome until the scheme was formally reviewed by the BSC and the Steel Committee.

On looking back one of the employee directors considered that their main achievements in the early years had been 'to take the original vague ideas and with very little help from the trade unions, apart from some like Johnny Boyd* whom we knew supported us, carve out a real job. Also those first two years showed that once we had been pitchforked into the job we had the capacity to deal with problems that many people thought beyond us.'

* At that time convener of the NCCC and executive council member of the AUEW. He later became General Secretary of the AUEW.

7 Gradual acceptance

When the new structure of the Corporation came into operation in April 1970 it brought with it the next stage of the employee director experiment.

One immediate effect was that it was necessary to increase the number of employee directors from twelve to fifteen in the iron and steel divisions. The procedure followed was similar to that operated in 1967/8 except that on this occasion only three specific areas were covered and the Steel Committee did not short-list the nominees but sent to the BSC all the names received from the unions. 'I know that in my case the executive put forward six names and there were at least four from other unions. Indeed there was a lot of competition among union officers for this post.' Two of the three appointed were executive councilmen of their unions and the other, in addition to holding plant offices, had been a member of his district committee.

A little later, two more employee directors were appointed for the Constructional Engineering and Chemicals Divisions.

In order to try and stimulate action within the Corporation as regards the part of the job description covering sub-committees and working parties, the Head Office personnel function arranged for two employee directors to sit on the national working party on civic and political activities.

'The two of us who sat on this working party knew more about the subject than anybody else there as both of us had long records on local councils. The policy which eventually was adopted by the board reflected our views and it really was a very advanced policy. My General Secretary said to me that if we did nothing else we had now proved the value of employee directors.'

The divisions were asked by the main board member for personnel to monitor the effectiveness of the new job description. Consequently it came as a disappointment to learn from the employee directors, three months later, there had been little progress at divisional level. 'We had told Lord Melchett we would give the new job description a six-month trial period and if we weren't satisfied we would want to see him again,' and so Ron Smith nudged the memories of the divisional directors. Also at

this time Ward Griffiths, one of the original employee directors, became a part-time member of the main board and the press announcement made it clear that 'He will be a member of the Corporation's planning committee and will serve on working parties and advisory committees.' 'The announcement regarding Ward showed us that Melchett was keeping his part of the bargain and we knew that Ron Smith was pushing our case.'

Although the job description said nothing about involvement in the settlement of industrial disputes, the employee directors now began to find themselves increasingly in the role of conciliators. 'You've got to be very careful in that role because you can step on the toes of trade union officials. I only intervene if I get an invitation from the convenors to go and see them. If you do something at management's request and have not consulted your convenors, you are finished.' However, employee directors have sometimes become involved, at first solely at management's request. 'The General Manager 'phoned me one Sunday to ask if I would go to the plant as there had been a walk-out and the stewards wouldn't even talk to the management. I went over and saw the shop stewards and convenors. I tried to reason with them about the implications of the stoppage and suggested that they talk to management. I told them I had arranged to see the management and I would be more than pleased to put their grievances to them. This they agreed to and eventually negotiations started up.'

Nominally, employee directors had the same status as other part-time directors; in practice, at first, they often had to assert their rights, but after the 1970 reorganisation increasing acceptance began to show itself in a number of ways. 'In the early years when we had visits from senior people and top executives to the works, we, as worker directors, were often ignored. Then when the chairman was going to visit my plant right up until the last minute I hadn't been invited so I told the works director that I would stand in front of the chairman's car at the works entrance. He then invited me to meet the chairman and after that there was no more trouble like that - in my works at least.' This situation was changed markedly until in the new production divisions, 'when Melchett visited a works the first man he saw for a private talk was the works director and the second the employee director.'

There was also a problem when the employee directors visited works. 'At first we were taken round in a group with senior

management and we talked to hardly anybody. We objected, and now we walk round by ourselves and talk to union officials and the men on the machines. Also we now have the right to meet groups of branch officers and stewards without management being present.'

The new jointly-agreed job description also seemed to the employee directors to help in their relations with the unions, even though it resulted in the employee directors being more involved in management-type activity. 'The Steel Committee at last began to take some notice of us. Full-time officials were more friendly and even began to ask my opinion about some matters, and at local level I received invitations to attend meetings of craft shop stewards as well as the process branches. But don't get the impression that all was now O.K. with either the unions or management – it wasn't. We were still on probation.'

8 Evaluation and change

When the BSC and the trade unions agreed to proceed with the employee director scheme, it was accepted that the experiment should be reviewed towards the end of the first three-year period of office. However, because of the reorganisation of the Corporation it was decided to extend the experimental period to April 1972.

At the outset of the scheme the International Institute for Labour Studies (IILS) in Geneva started to undertake a major international study of workers' participation. The Corporation immediately considered if an association with this project could ultimately help in the evaluation of the BSC employee director experiment. From the beginning the Corporation took the view that the value of such a study would be seriously diminished if the TUC did not co-operate and when the possibility was mentioned to the trade unions in July 1967 the idea was rejected.

By July 1968 the Corporation finally decided that an independent academic study of the experimental scheme should be made if the employee directors agreed. The employee directors unanimously agreed to take part. 'We were a bit suspicious and spent a long time discussing it after we met Ken Alexander*, who was to be the chairman of the steering committee. Nevertheless, we agreed because we thought that some independent group, as well as the Steel Committee and the BSC, should try to look at the experiment. Also we nominated two employee directors to sit on the steering committee.' The following year the General Council also nominated a TUC official to sit on the steering committee.

The two-year research conducted by the four independent academics (see p. 65) was scheduled to be completed by 30 September 1971. In Spring 1971 a programme was agreed which would enable the main board of the Corporation to take into account, when evaluating the experiment, not only the report of the research team but also the findings of an internal working

* Then Professor of Economics at the University of Strathclyde and now chairman of the Highlands and Islands Development Board.

party which would examine other similar developments in the U.K. and abroad. By July a detailed schedule had been worked out, fixing dates for discussions within the Corporation and with the Steel Committee, with the intention of coming to conclusions by 31 December 1971. Also a process started of gathering from the employee directors written reports regarding their involvement with trade unions and examples of what they felt had been personal success and failures. 'I remember pointing out to Ron Smith instances where I had played a part in resolving a number of industrial disputes and had also helped to get a better consultative scheme working. However, at that time I still regarded as a major failure my lack of contact with some unions and the knowledge that we were still not taking part in the divisional management committees where most of the real decisions seemed to take place.'

The research report was received on time and the working party had completed their work by the end of October. Although the research study identified serious weaknesses in the scheme, the Corporation's view was that the scheme should continue but be improved.

Two important meetings were held in December 1971 and January 1972 between the Steel Committee and the BSC on the future of the scheme, which resulted in substantial changes to be incorporated into a new job description. (See Appendix E.) 'We knew that the Corporation was prepared to make some changes regarding the selection procedure and the ban on holding union office but it came as something of a surprise when we heard that in future we could hold any union positions.' 'The new job description, although not perfect, made it possible for us to have greatly strengthened connections with all the unions.'

'Most of us were eager to stand for union office again. We had disliked resigning office in the first place. We knew we could best represent the views of workers by staying in the closest possible contact with the trade unions. Seeking office again would also show that we had not sold out to management.'

Another man added, 'Getting re-elected to trade union office would prove that we had not lost the confidence of the shop floor.'

There was some vested interest in regaining trade union office. One man commented, 'I was concerned because I knew that since employee director nominations were in the hands of the trade

unions, unless I managed to get a union position again before the next selection it would be more difficult to get renominated.'

This view was contested by another man. 'I didn't seek my old office again because the job was being done very well by somebody else whom I had helped to get the position. However, I was still renominated.' Eventually thirteen of the employee directors did in fact regain union office but one soon had to resign on an instruction from his executive council which disagreed with employee directors holding union office.

Although the research report had been critical of the original experiment, the ultimate result of the evaluation by the Steel Committee and the BSC was an improved scheme which now became a permanent part of the structure of the Corporation.

'I think one of the best features of the evaluation was that it showed that management and unions were now beginning to realise that we had a contribution to make and that all the wisdom wasn't with the managers and that the chaps on the shop floor are able to make a valuable contribution. I think we proved this by the way we handled the worker director job.'

Part III A new institution

9 Development and expansion

The new job description had taken into account the findings of the independent research team and the internal BSC working party, the views of the TUC Steel Committee and the Corporation, and, very importantly, those of the employee directors themselves. Consequently, although from the inception of the scheme its main features had been jointly agreed with the trade unions, this was the first time that the employee director institution could be truly regarded as a joint product. 'The experimental stage was over. We had shown that ordinary employees had a contribution to make to the type of discussion which had been undertaken solely by management and also we proved that employee directors could be an important part of industrial democracy alongside collective bargaining and joint consultation.'

Another of the first employee directors felt, 'I agreed with many of the findings of the research team, but they missed our main achievement – we survived! We established a base from which further development could take place.'

This achievement of the original employee directors was recognised by the ones appointed after 1972. 'The first employee directors had to a large extent to develop their own job description, and by the time we came along it was a little tidier because the pioneers had gone through and achieved a good measure of acceptance.'

It was with a sense of excitement that the employee directors looked upon the next year because 'We felt that we could expect far more union support than in the past and now that it was clear that the scheme was here to stay we knew management would be more co-operative.'

But there was still one major weakness in the scheme as perceived by the employee directors, as one of the men pointed out. 'The researchers were right in asserting that the real decisions were taken in the divisional management committees at which we were not present and the job description said nothing about this.'

In March 1973 the functions of the divisional management committees and the divisional boards were merged. Since the other part-time members left, the employee directors now held in the iron and steel divisions between about twenty and thirty per cent of the seats in the divisional management committees/boards. (See Appendix F.)

The selection process for the new employee directors started in the summer of 1972 and was not completed until Christmas. This time it was possible to publicise the request for nominations to the post of employee director through union and Corporation newspapers and magazines.

'The first I heard about the requirement for new employee directors was in an article in Steel News. It said that candidates for the job could now be nominated by trade union branches, by trade union joint committees, by works councils and so on. I moved on this by discussing it with my own branch which nominated me, through to the joint committee and eventually at a joint committee meeting, three nominations were received. These nominations included the existing employee director, an executive council member of the union and me. Our names went forward from the works joint committee and after that we lost sight of the process.'

Each union used its own method of choosing names to be sent to the TUC Steel Committee. For the ten positions that were being filled, the Steel Committee placed before the joint BSC-Steel Committee selection meeting sixty-seven names. The chairman of the Corporation, who was not on the selection committee, had made it clear that although he had to make the formal appointments, he had no desire to make any selections. All the individuals recommended by the selection panel were interviewed by the chairman, partly to show his interest but also to make it clear that the final power of appointment rested with him and that employee directors had the same status as other board members. The selection panel was unanimously agreed on eight of the ten positions. But they couldn't decide whom to select to fill the remaining two posts so consequently asked the chairman to take the final decision in these cases.

'I received word to attend a selection meeting in London for the employee position in my area. When I went to BSC headquarters I found that two other people were also going to be interviewed. Lord Melchett and the personnel managing director asked several questions, not specifically related to what I

thought about the scheme, but more of a personal nature – what I had done and so on. About a month later I received a letter from Lord Melchett offering me the appointment of employee director, which I accepted. It was a two-page letter, one explaining the terms and conditions and giving a reply to sign, and one a general statement. I was appointed from April 1973.'

In adjusting to their developed role, the new employee directors experienced difficulties similar to those of the original twelve. 'I went into a new situation which was very different from my own works where I'd been for fifteen or eighteen years and where I was a branch official. Eventually I was elected to the executive of my union and within three years of that I became an employee director. These were tremendous moves over a very short period of time. Now I feel that if I had been able to go to departmental management meetings under a mini-board arrangement where I gradually learned to understand the running of the industry at departmental level, and then had the opportunity to go to the works management situation before becoming an employee director, this business of coping with board-room matters wouldn't have been half as bad. At the training course, when the director who came in to talk about finance in the Corporation got going, you could have floored me. I walked out of that classroom wishing I'd never gone in.'

The new men shared the determination of the early employee directors to get involved in discussions at the stage when ideas were being developed, and it did not take the employee directors long to realise that monthly meetings of the divisional management committee were not the only place decisions were taken. They had the feeling that they were sitting in on meetings to discuss items such as capital expenditure when in fact the decision had already been taken at every stage except that final one. They knew they had to be involved earlier and began to push aggressively for it.

'It's no good being involved only at the top level where decisions are more or less just finalised. If you're not allowed to participate in anything below that, you don't have much input. You must be able to offer your judgment, concern, or advice at the lower level. I felt that, if they're only going to have us working once a month on a divisional board, the BSC is wasting its time and its money, and our time. We wanted to be involved at all levels, and we wanted to see the whole system operating.' Another employee director explained, 'When you only attended

the divisional management committee you sometimes felt you were just rubber-stamping because the decision to put in planning forms and so on came from the groups. So we asked to go to the group management committee and then found that the group had its own planning committee and that we were actually rubber-stamping that. So we moved to the planning committee within the group to get to the source of decision-making.'

Another man described why the employee directors insisted on being part of the total decision-making process. 'We were then talking about the extension of the whole concept of participating in group management meetings and we really raised the roof. We suggested going to the regular meetings to discuss this problem so that we could have continuity. We wanted to be sure that the social implications of commercial, financial, and technical problems were fully understood and the necessary steps taken to cope with the human implications.' 'People who think involvement at board level alone is participation don't know what they're talking about,' was how one man put it.

The process of attending sub-committees and working parties had begun in 1970, and by the end of 1974 the employee directors had taken places on main committees, sub-committees and working parties at works, divisional and national level within the Corporation. The committees at national level have been exclusively of a personnel nature, for example, the social policy advisory committee and the working party on wage structure. At divisional level the employee directors serve on the management committees and, for example, with various personnel committees and capital expenditure committees. At works level the men participate in the works management committee and, for example, on job evaluation committees, group-training panels and cost committees. (For a listing of committees on which employee directors served – see Appendix G.)

'I don't think there is a worker director – maybe with the exception of the two or three that have just been appointed – who has not sat on some sort of national working party, and these are the organisations that recommend the policy of the BSC,' one man said.

In spite of these developments, 'The doors are not all wide open. In my division we have a general purposes committee which includes members of the board, with the exception of worker directors, and I think we should have a representative on

that committee. There's a salaries committee but I'm not really worried about that one. If I want to know anything about people's wages, I only have to ask the department which has the figures. The other committee where I've been excluded is the divisional personnel advisory committee. I've expressed the view that there should be employee directors on that committee especially as they do that in another division, but so far no luck.'

'There's a group advisory committee that goes over capital expenditure, development, etc. It can spend a certain amount of money for the local works with just the signature of the local director. So far I've been blocked from it, but I'm still striving to get on, as it has a great amount of influence and even touches on items like the placement of machinery on the shop floor – something we know a lot about.'

'On the trade union side the new job description was important to us because it facilitated the continued holding of trade union office, the holding of all positions in the joint consultative structure and confirmation of the original power base which had led to our appointment in the first place.' But there were still problems here as well. 'In my case I continued as a branch secretary and as chairman of the trade union delegates to the works council. However, I was advised by the general secretary of my union to resign from the national negotiating committee. In retrospect I believe that advice was faulty; it underestimated the ability of employee directors to carry out the trade union function as well as the employee director function.'

This renewed relationship with the trade unions has sometimes developed in rather surprising ways. 'In the early stages we had a lot of people saying, "How do you communicate with the shop floor? What communication do you have with the shop stewards and convenors?"' Over the last four years I've discovered that I'm receiving representatives of the joint consultative committee which are mostly made up of shop stewards and convenors. I have meetings with them on a regular basis. They in turn invite me to their pre-meeting where they have their own agenda with questions from the shop floor. This is one way I've found to get straight-forward thinking from shop floor and the representatives of the shop floor. I think the worker director is really becoming a part of the workforce and the shop-floor representation – more so than we had ever dreamed of in the early stages, because of this acceptance. It's another channel of communication.' Another unanticipated method of com-

municating with works union officers is by ' . . . calling a regular meeting with all the union officials. An ISTC man may chair it, and an AUEW man be the secretary, and we invite the union officials representing all the branches to have discussions on whatever happens to be relevant at the time.'

The increased activity has however created for itself a new problem – lack of time. 'I am on the divisional management committee, the planning committee of the division, the group management committee, various other sub-committees, plus my union committees at plant, district and national level and then joint consultative groups. In addition, when not engaged in employee director duties, I am supposed to do my old job. All I need is a thirty-hour day!'

'The research team had argued, in my opinion wrongly, that there was no sign of role conflict because we only played a management role. Now for the majority of us, our responsibilities and involvement in influencing management policy has been considerably increased. Also we have very clear union roles to play. Lots of people now wonder how we are able to cope with this situation.'

10 Role conflict

All roles are cages, but some roles are cagier than others.

(Graffito from a steel plant wall)

You tell the men it's being discussed and it's confidential. You say you'll let them know as soon as it becomes available. And when it does you make your peace with the men. People say, "What a conflict you must experience from all the pressures that are on you – loyalty to this one, to that one." I am not unduly worried about conflict, because a good manager and a good employee director become adept at handling conflict.

The conflict comes home to you when you're at a meeting with trade unions and with management there. You're trying to get a point across when someone from the shop floor challenges you as to which side you're on, but there's no way you can forget that you're a trade unionist first.

Twelve out of the seventeen employee directors hold elected trade union office. The offices range from 'committee man' to 'branch secretary' to 'convenor of shop stewards' to 'national president'. Yet only four employee directors admit to experiencing role conflict as an employee director and a trade union official.

As one man put it, 'I haven't reconciled the role of being employee director with being a senior trade union official. It's very difficult to convince the shop floor that you are doing your damndest to influence the board to give them the best possible working conditions and pay.'

'Being twin-hatted isn't a problem for me,' another man said. 'I believe that if you can't ride two horses at once you don't belong in the circus. There's a role to be played as an active trade unionist and a role as an active employee director. I can't see any conflict between them. Once we talk about conflict we're going the route of "them and us".'

A few examples illustrate the divergence of views employee directors hold about having a dual role as an employee director and a trade union officer.

One employee director who is also the national president of his

union feels no role conflict as such. His main conflict in performing both duties comes from lack of time to do two demanding 'full-time' jobs.

'I have no divided loyalties. As an employee director I look after the interests of all employees from the sweeper up to the chairman; as a trade union leader I look after my members' interests. The knowledge and information I acquire from both positions I hold is used effectively to achieve the most efficient industry possible, for the benefit of the people who are employed in it. The steel industry, after all, belongs to the people who work in it, and the employee director or the trade union leader's job is looking after people. To do this well you must be involved in the running of the business.'

Two employee directors were in the position of being barred from trade union office by their own national union. One of them had actually been elected to office by his branch and later had to resign. The other was kept from being elected branch chairman by his national union's intervention. He had been a member of his union's national executive committee before resigning to become an employee director with the original group. 'It would be nice if my union did the same as the rest and permitted me to hold an official position. I would probably opt to be, if at all possible, the branch chairman or a committee man, but not the delegate. I go to branch meetings where the men sometimes turn to me for advice,' he continued. 'I have clearly indicated to the delegate that he has my whole-hearted support and my full-time official has the same kind of support and loyalty. Not holding union office doesn't stop me, however, from going upstairs to meet management on a union deputation.'

A third employee director is something of a maverick in that he deliberately chooses not to hold union office. As one of the original employee directors, he was required to relinquish his trade union positions as staff branch secretary, trade group and executive member. But when the ban was lifted he never sought union office again. Part of the problem of trying to do both, he feels, is linked to the multiplicity of unions in the steel industry (there are fifteen major TUC-affiliated unions).

'In the absence of only one union for the industry, I have grave doubts that the holding of union office by an employee director will further the cause of participation,' he said. 'I can hold office in only my own union. It would not be possible for me to be equally involved with all the unions within my area. I should lose

credibility if I were seen to be unable to influence decisions in favour of all the unions, not just my own. If I am to make a good job of being an employee director I must remain credible – with everybody: employees, unions and management.

‘At the moment my role as employee director can take me into all levels of discussion, which is most helpful in understanding the day-to-day management of an industry. Holding no union office I am able to talk and discuss with management without fear or favour. My status does not depend on, and is not influenced by, my holding union office. If I were a member of a union’s negotiating team I could make use of information available to me in order to win a case. This possibility would be bound to make my relationship with management suffer and my ability to perform a meaningful role in general terms as an employee director would be reduced.’

Most men view their dual role as employee director and trade union delegate totally differently from the man quoted above. ‘I was appointed delegate from my branch’, one man said. ‘I went with a deputation and reached an agreement which was absolutely satisfactory to the branch. During the three or four long periods of negotiations to reach that agreement, my employee director’s responsibilities never came into the reckoning in any shape or form. I have always held the view from that very first experience that this dual role is something that can be done and should be done.’

It is not simply a matter of wearing two hats – the trade union official’s and the employee director’s. There is a role conflict built into the post of employee director. In what capacity is he a member of the board?

‘I’m an expert on how shop-floor people think and react,’ one man said. ‘Unless I can project their feelings and opinions, I’m valueless.’

If he is on the board as an *expert*, he acts as an adviser on matters affecting employees’ interests. He gives his opinion on how employees will react to various proposals. In his role the employee director is no different from other directors who are there for their expertise to advise the board on financial or technical matters. His speciality is knowing how employees feel and think.

But the employee director’s role goes beyond that of an expert. He is also a *representative*. ‘Actually you’re there because you’ve been appointed to the board after going through a selection

process. So you're a representative of the employees as an employee director just as you're a representative in joint consultation and in collective bargaining,' one man said.

'The engineering director is not representative of anyone,' another added. 'He gets paid to do a technical job. But employee directors are not in the same category; we are representatives. As such we have the right to dissent on certain decisions and have our dissent recorded. I don't think we have the right to resign, the way a delegate would. We must look after the interests of the employees.'

As a representative on the board, the employee director's role is analogous to that of a major institutional shareholder which has a board member to protect its own interest. His interest is the employees. The employee director is also like a Member of Parliament, a representative who ultimately has the freedom to make up his own mind on the issues and then has to report back to his constituency.

The employee directors do not consider themselves to be delegates, for delegates are mandated. Employee directors carry no specific mandate from the employees and have not been mandated by the trade unions, even on controversial issues like closures. The question of resignation is not clear, but most employee directors feel that the TUC Steel Committee would have the right to ask them to resign over an important issue of conflict between the Committee and the British Steel Corporation.

Such a case occurred in late 1975 when the Corporation told the trade unions they intended to terminate the guaranteed week agreement unilaterally in order to try to reduce labour costs. (The Corporation claimed it was losing over £1 million per day.) 'If the dispute had reached the point of complete breakdown between the TUC Steel Committee and the BSC and all co-operation from the unions had been withdrawn they could have expected us to hand in our resignations. If this had happened, there would be no doubt in my mind what I would have done. My resignation would have been in the first post the following morning.'

All of the men feel the executive committees of their own particular unions do not have the right to demand their resignation. They fear it could be a matter of personalities. Since the individual employee directors are nominated for four-year terms through their own trade unions, they feel they should be

permitted to serve that term and then have to face the judgment of their 'electorate' again. However, they do agree that in certain circumstances the TUC Steel Committee and the chairman of the Corporation could, by a joint decision, remove any divisional employee director from office. (See Manifesto page 4.)

'The conflict comes when there is something going on at board-room level that the worker director disagrees with violently,' one man suggested. 'He tries to change it if he can.'

But influencing the board is much more difficult than making demands on management as a trade union representative, as an employee director with the dual role explained. 'In a trade union you have a meeting and decide on a certain course of action. You then put the arguments to management. You don't get all you ask for, maybe seventy-five per cent. So you go back to your branch and explain why you couldn't get the rest. They accept it. But we don't do this sort of thing as employee directors and I find the role a bit strange in that respect. We are able to sit on the divisional management committees and object to decisions like the main board decision relating to the guaranteed week issue. We can explain to people that we have objected in the strongest possible terms, and yet we haven't affected that decision one iota because it was a main board decision.'

Nevertheless the employee directors as a group have firmly opposed the Corporation's intentions. At a London meeting with the Corporation they stated: 'We are opposed to this decision, because to renege on a national agreement is wrong and would destroy the Corporation's credibility.' They now believe that their resistance influenced the Corporation to modify its decision on the guaranteed week.

'Yet the only time the workforce is going to see us as being meaningful is when we can go before that board and prevent them carrying out a decision they feel they ought to carry out. If that's the only time we are going to convince employees that we are doing a worthwhile job on their behalf, doesn't that just transfer the shop-floor conflict straight into the boardroom?'

Within the existing group of employee directors there is some difference of opinion as to what the employee director's primary role is.

'Management has a role to play in industry, which is to achieve its objectives. Workers have an equal role to play to meet production targets and this includes the trade unions. Without both management doing its job and the unions fulfilling their

role, the whole industry collapses. I see the employee director and the active trade unionist as having the same goal.'

Yet this mutual concern for the viability of the steel industry can result in board decisions that run contrary to shop-floor feeling. These pose special problems for the employee director. 'Decisions will be made at board level which are unpalatable to the shop floor. The employee director has responsibility to project the shop-floor view prior to the making of those decisions. Then he must communicate to the shop floor his understanding of why the decisions were reached.'

'Unpopular decisions often have a certain degree of realism about them. So at times we've put employees' view across but we've lost the argument. It presents a real problem when some of the matters have a secret tag attached to them as we can't completely explain the reasons for the decision.'

No decision could be more unpopular than a closure decision. An employee director, who is also the senior union representative of his plant, said he normally has no role conflict, but would have a colossal role conflict in a closure situation. 'I could not be part of a closure decision. It would violate my trade union principles,' he said.

The great majority of the employee directors regard their primary role as representing the views of their fellow trade unionists. 'The trade union movement is our first loyalty. It is our base. It has put us in the employee director's post and without trade union support we would become powerless.'

During the 1974 coal strike, several employee directors used their influence as trade unionists and took the initiative to get the miners to help them to save blast-furnaces from ruin, by supplying coke in the one instance, and to keep a boiler plant going in another. 'We needed this particular coal from the Derbyshire area for our boiler plant,' an employee director recalled. 'The branch secretary and I got ourselves invited to a general meeting of the miners in the area. At first we got a few boos and jeers. But after putting our case, they said yes and fetched sandwiches for us from the strike kitchen. The lorries were lined up and pickets from that area rode shotgun on their lorries to bring us the coal in South Yorkshire.'

Some of the employee directors who say they experience no role conflict point to decades of trade union involvement. 'Those of us who have been active in trade unions all our lives have had conflicts within the trade union. We've met management to make

claims. And then we've had to go back to the men to explain the reasons management gave us for not meeting the claims. That in itself was a conflict because we had to persuade them to accept it. I see no difference as an employee director.'

Another man stated his view. 'I'm not convinced that the only role of the employee director is to look after the trade union movement. My conviction about our role is quite clear. To the best of our ability we have to contribute to making a viable industry because this will benefit our fellow members.'

'How you feel inside is important,' another man said. 'You go into a board meeting and all the evidence is put before you for demanning. You know specifically that such a decision will cut a crew back back from eight men to six. Experiencing that, you then walk out of the meeting and later in your role as plant secretary for your trade union you get word that they are going to deman and you have to fight it and say it's bloody well not on. It gets a bit awkward because you're the same person.'

'O.K., there is sometimes a conflict between my job as a trade union representative and my role as a board member but this type of situation is nothing new to a branch trade union official who is also a member of his executive council,' a man said. 'We all soon noticed at the board that on many issues other directors who also had executive responsibilities for a particular function or plant often had divided loyalties. So what is all the fuss about? The important thing is to be honest to the members one represents, the board on which one serves, and oneself.'

11 Special problems

In a closure situation, you carry the cross and it's bloody heavy. You're a worker – one of them – and if they want to know the bad news, you have to tell them.

You're a public figure; when you're out for a walk with your wife or having a quiet drink, you can be stopped and expected to solve any problem connected with steel. It's no good saying you don't know; you are expected to know. It's no good saying you haven't the time; you must have the time.

Closures, demanning, redundancies, industrial disputes, confidentiality, insufficient preparation for the job, upheaval in private life; these are the special problems of employee directors. The first three of these problems are interlinked and are inevitably related to the British Steel Corporation's ten-year development strategy. By the early 1980s BSC plans to have increased its steel production from about twenty-four million tonnes to between thirty-six and thirty-eight million tonnes per year, whilst cutting back its workforce from its present level of about 215,000 to 180,000. It will concentrate steelmaking on six major sites compared with thirty in 1970. The capital expenditure programme will cost at least £3,000 million at 1972 prices. The work of the employee directors cannot be viewed apart from this development strategy.

Closures

During the first six years of the BSC's existence – a time during which the employee directors scheme was evolving – about 30,000 jobs were lost. As the closures, demannings and redundancies took place, hitting hard at communities already crippled by manpower reductions in other traditional basic industries, employee directors felt the pressures.

'At the first board meetings I went to, the chairman of the group unfolded little by little the Corporation's plans, including the possible closures of the Ebbw Vale and East Moors Works. I contributed to the discussions that followed. But for my part I at

no time felt that I had any chance of preventing these events taking place. I concerned myself chiefly with proposing measures for mitigating some of the social impacts that would occur if some or all of the proposals became fact,' an employee director recalled.

'The feeling that I stood no chance of influencing the board to reach a different decision came from some knowledge of the power structure within the BSC. It also arose from my understanding of Government's role in fostering the redevelopment of the steel industry under the new Nationalisation Act. Closures of old plants which were considered to be uneconomic would inevitably take place.'

'I had the bitter experience of being involved in a division that decided to close down two plants,' another man said. 'I found this difficult but not insurmountable. In our case we were provided with all the information necessary in order to arrive at a decision on the closures. I was party to the decisions. I was challenged by the trade unions as to my position and I told them I supported the closures simply because that was the only way, as I saw it, in the long term. I had an obligation to the industry.'

'In the works involved, the trade unions were rather bitter, but I'm glad to say time is a great healer. In the three works involved – there was another one – I'm now on the friendliest terms with everybody.'

Employee directors at times openly oppose closures. There was a particular case in the Sheffield area. An announcement was made by the main board through the chairman that a large works would possibly close in its entirety. 'We weren't sure whether this was going to be their true strategy or whether it was a negotiating ploy,' one man explained. 'An action committee was set up at that particular works, and after running into some difficulty the committee made an appeal for help to the three employee directors in the division. The employee directors in turn made an approach to the chairman of the Corporation, to Ward Griffiths, a former employee director who was promoted to the main board, and to Ron Smith, another main board member. We had a good hearing and eventually that decision was reversed. I am not trying to claim that the works didn't close because of our action as many other groups were putting pressure on the Corporation as well, but we certainly helped to impress on the chairman that the Corporation had made a wrong decision, especially since no other works in the UK could

produce the heavy forgings and castings. Only part was closed down and the part retained still functions today.'

A closure threat represents a problem too big for any individual employee director – or all of them together – to resolve. Yet critics somehow expect employee directors to fight effectively against all closures whatever the economic case for them. At times they can become part of the consultative process during which a very detailed examination is made of the closure proposals. 'A new situation was created at my works at the end of 1972, when the Corporation announced its ten-year development strategy, embracing the proposal to close down the "heavy end" of the works,' an employee director recalled. 'It was a proposal which the workforce could not understand and was not prepared to accept, and action and campaign committees were formed to fight the plan.'

'I've been part of that four-year fight. Throughout this difficult time I have been fully consulted and my advice heeded if not always followed. I like to think that, in my role of employee director, I have played a part in maintaining the works as a fully operational and viable unit, making a valuable contribution to the output and financial performance of BSC. Why shouldn't men and management share the responsibilities and the anxieties, and be joint signatories to decisions affecting our livelihood? In striving to make industry profitable and efficient, decisions have to be made which sometimes are detrimental to the livelihood of some workers, while ensuring the continued employment of the majority.'

By August 1968 the TUC Steel Committee and the BSC had agreed a closure procedure calling for at least a two-years' advance warning for a major closure. This procedure also included a specified period for realistic consultation based upon the provision of detailed information regarding the reasons for the suggested closure.

Since that time a system of consultation on proposed closures between the Corporation and trade unions at local and national level has become even more extensive. Before being finalised for Corporation Board consideration, the ten-year development strategy was discussed with the TUC Steel Committee in 1972. In the discussions consultative procedures were further refined. A medium-term plan, prepared annually, shows how the strategy (including any plant closures) is to be implemented over the

coming five years. It is discussed each year between the TUC Steel Committee and the BSC.

More detailed discussions about particular proposed closures take place in a series of special meetings attended by the TUC Steel Committee and full-time and part-time officers from the areas concerned. At these meetings and at local meetings an exchange of detailed documentation arguing for and against the closures occurs. In between these major meetings there are usually many local consultative meetings between the plant management and the union branches. Discussions are also held with local authorities and often with Members of Parliament. Employee directors are themselves a part of all the discussion and consultation. They see the issue from all sides in their roles as trade union officials and members of divisional management committees. Sometimes they are involved in the action committees to oppose the closures.

Demanning

Ironically, many employee directors, as trade union officials, helped create part of the over-manning problem the Corporation faces today. 'When we couldn't get more money, we demanded more men and got them,' one man admitted. He believes that trade unions and management should jointly agree on what the manpower requirements are. 'Then let the demanning take place through voluntary redundancies so men can retire at sixty-two as well off as if they stayed on till sixty-five. Natural wastage should take care of the rest. But if it doesn't you must compel redundancies,' he said, 'always keeping in mind a fair deal for the workers and the social implications for the local communities – especially jobs for school leavers, since industry must serve society, not the other way around.'

Another employee director spelled it out. 'We are working for the minimum hardship for everybody concerned, that is to make sure that anybody who has got to be made redundant or redeployed as a result of demanning gets everything that he's entitled to.'

'We are in a position to communicate to people, chapter and verse, in a shop-floor way, why certain things should happen,' one man said. 'Management could never do this.'

'Demanning is a problem for all employee directors because it doesn't just involve closures,' a director pointed out. 'The 40,000-men cut-back figure arises from a closure programme coupled with rationalisation programmes and coupled with what is known as a Work Measurement Incentive Scheme (WMIS). Although the WMIS may be gilded – they say it doesn't affect manpower – if it is put into effect in a meaningful way it will logically reduce the labour force.'

'I'm trying to remember some figures I saw last week – currently the BSC has applications in from well over 8,000 people all seeking voluntary redundancy, and the Corporation is not able to agree to those redundancies at the present time. Now this offers some insight into the various viewpoints on this question of redundancy.'

'As far as I'm concerned an employee director is there for the betterment of the business,' another man added. 'If I see that it is right to have planned redundancy in the industry, in order to achieve the ten-year plan, I will let it be known, and I don't care if I make enemies – after all the trade unions also agree that there must be a reduction in manpower if the industry is to survive.'

'Closures, demanning, redundancies – these issues highlight the question how much influence has the employee director over the major decisions in British Steel?' one man ventured. 'In the guaranteed week agreement we had no influence at all. I don't think we've got a great deal of involvement at all in making major decisions. We talk about normal things sent down from the main board to the divisional board, but the policy decisions have all been made and we're sitting down there saying "yes sir, no sir, three bags full". We must have employee directors on the main board.'

Disputes

If important policy decisions in the BSC are beyond his control, the employee director doesn't have far to look for involvement in industrial disputes. 'I see the employee director's role as a small drop of oil. It may reduce some of the friction, but there's not only conflict between management and men, there's conflict in all directions,' one man said. 'The employee director tries to ease the tension.'

'In the early years there was a tendency, from both

management and my colleagues, to try to use me as a trouble-shooter in the industrial relations field,' a senior employee director recalled. 'I had to be very careful not to tread on the toes of the trade union officials but I was seen and used as a direct link between employees, individually and in groups, and senior management. This was not and is not my function, but I did and do talk to both groups.'

The first responsibility employee directors agree they all have with regard to industrial disputes is to keep themselves fully informed. This is not difficult in the centre where they are working from, but given the size and spread of their areas, it is extremely difficult to stay in touch with all disputes within their constituencies. In most divisions neither management nor unions have a regular policy of reporting industrial disputes to the employee directors. As disputes are formally written up employee directors have access to them. They have no instant way of knowing about them, unless specifically contacted by one or both parties to the dispute. They learn of most disputes through the grapevine.

'Sometimes I've had management informing me by 'phone, at other times it's been the local convenor or shop steward concerned or another local convenor who's heard about a dispute. Once, a dispute over reducing shifts with an ultimate view to possible closure in three months came through the grapevine to me. I was furious about that one and told the director I expected the common courtesy of advance information on matters as serious as that.'

Another employee director explained his own policy on industrial disputes. 'If it's within my own trade union I very often become involved quite naturally as an executive council member. If, however, it involves another trade union then I wait to be invited. If I am called in by management to discuss a particular dispute, involving either my own or other trade unions, I put forward what I believe to be a reasonable, sensible point of view.'

At the outset of the scheme, the employee directors were given no policy on personal involvement in strikes and industrial disputes. 'Many of us had questions about strikes in the back of our minds when we were appointed in 1968. But neither the Corporation nor the unions said anything about it. We decided to wait and see what happened. Within weeks a group of bricklayers went out on strike. One of the bricklayers in the

group was an employee director. He, of course, joined the strike. Later we learned that his group chairman had asked for advice from Lord Melchett and Ron Smith. They supported the worker director's action. Since then it has been understood that employee directors will join strikes and industrial action that affect their regular job. But if he goes on strike as a worker, he is still expected to attend board meetings as a director during the strike. At first sight this seems strange but I suppose it's logical.'

Confidentiality

Common sense is the key to employee directors' attitudes toward confidentiality. 'I think it's overplayed. About seventy-five per cent of what we are told is confidential I don't accept is confidential. I merely treat this with a grain of common sense and use it where I think it's reasonable,' one man said, summing up the feelings of the group.

'No, it's very much a feeling of discretion coupled with an element of risk to yourself,' said Ward Griffiths, who sits on the Corporation's main board. 'If I've got a strong feeling that this is something the employee directors should know, I might expose myself and give it to them in confidence. This has been done and I must say that that confidence has never been broken.'

'We get a lot of so-called confidential information,' said another man. 'To me this is utter rubbish. Let's assume for example that there are four shifts for a particular job and it's decided at board level that they are going to cut it down to three. What must happen is the manager must call that particular section in and tell them they are going to be cut down to three, but then he's got to give them reasons. Then the information we had heard on the board is no longer confidential because the manager has said it openly.'

Normally we are there as part of the deputation, probably leading it anyhow. We then go back to the branch meeting and we probably know a bit more than even the manager knows, and we use all this information then to persuade the men that this is the only way that it can be done.'

When it comes to matters of genuine confidentiality, the employee directors are unanimous in their position. They have no problem keeping confidentiality and the trade unions respect

them for it. The record supports their claim. There are no substantiated charges of employee directors breaching boardroom confidences. 'Employee directors aren't the ones who resort to tactics like leaking confidential papers to the press to gain some political or economic advantage in a power struggle. The ability to maintain confidentiality is not a particular trait of management,' one man said. 'It's very important that we do, in fact, treat confidential matters as confidential and we filter down information which is of a non-secret nature.'

It is not as though the employee directors were encountering confidentiality for the first time in their lives. As one man pointed out, 'I don't see any difference between the confidentiality you've always respected as an executive member of any trade unions, and the confidentiality required of an employee director. Trade union confidentiality is something we've all believed in and practised for many years. It's a matter of instinct.'

Preparation and problems

Terminology, not confidentiality, was the new problem for the workers who were, overnight, thrown into the world of boardroom meetings and strategic and financial planning.

Although the men appreciated the training they received, it was hardly adequate preparation. They feel men could now be brought along more slowly to avoid some of the culture shock they suffered. One idea is to use the departmental councils as a sort of training ground for potential employee directors. The departmental council meetings at present tend to be loosely structured and often become 'monthly complaining sessions'.

'When I go to them I find that the chairman might give a production report and maybe certain aspects of health and safety at work are discussed. Then the complaints take over. A man says "There are no lights on crane 41 and it's dangerous to work there and I raised this a month ago and nothing's been done about it." Now I have no quarrel with matters like this. Complaints do tend to get things put right on the plant. But I would like to see these meetings structured like board meetings and put on a weekly basis. They should have the financial report, a commercial report regarding their own department. The

personnel man should be there to discuss departmental problems. Engineers should attend to give reports. One very important by-product of this would be that the terminology that is used in the boardroom would percolate through to these men at a very early stage in their trade union work. It wouldn't be like what happened to us when we were appointed employee directors. I was forty-eight years old and suddenly confronted with words I'd never seen before in my life. I didn't understand what the hell they meant and even after I'd had an explanation they didn't make sense to me.'

To say they would have appreciated more long-term preparation for their roles as employee directors is not to say they feel incompetent. 'All of us employee directors have had long years of active negotiations in the trade union field,' one man said. 'We've been shop stewards, delegates, secretaries. We've been on national executive committees and working parties and committees of all sorts. We've trained ourselves and we don't need any academic to tell us how to act in the steel industry. We don't need sociologists to tell us how to make steel, represent the worker and deal with the realities of conflict.'

By the time a man becomes an employee director he has more than paid his dues in the trade union movement. He's used to the evenings out, the tedious meetings and conferences. The seventeen employee directors spend between one and five evenings per week on employee director duties, averaging three evenings per week per man. The demands of the job are disruptive of his private life. He must travel throughout his area, which in the case of the employee directors in the Tubes Division means parts of England, Scotland and Wales. 'There's no getting around it, being an employee director brings upheaval to your personal life – I mean if you were a "nine o'clock man" in "local" life and you had a circle of friends, the requirements of your new role over a long period of time disrupt your social life.'

People come to them with all sorts of problems related to the steel industry, expecting advice and counsel and inside information. 'You even get men talking to you about their personal problems as if you were in the industrial ministry.'

12 Dealing with criticism

In 1968 workers at the British Steel Corporation were given representation on the board on an experimental basis, but experience has been so poor that it is likely the experiment will be abandoned. The worker representatives have little real power and they tend to be distrusted by their colleagues.

David Jenkins, *Job Power: Blue and White Collar Democracy* (London: Heinemann, 1974), p. 186.

We are fed up with people being critical of the worker directors without knowing what the hell they're talking about. We want to set the record straight - to communicate our experience of participation, what we do, how we do it, what we're thinking about for the future.

The TUC now says the idea [of worker directors] has merit only on a trade union basis, which is a modification of the disastrous experiment in the steel industry where a few worker directors were appointed.

Hugh Scanlon, President AUEW, AUEW Journal, August 1973.

If I spend time away from my regular job, the critics say I'm cutting myself off from the shop floor. But when I go to my regular job in a control pulpit in a fully automated plant, the next bloke is about a quarter of a mile away. It's so isolated, management has installed tropical fish near the control panels for companionship.

Shortly after the BSC announced its plan of appointing employee directors to its group boards, *The Times* in a leader (22 June 1967) labelled the experiment 'faint-hearted'. Since then, first the experiment and later the institution of employee directors have been frequently castigated in the press. A banner headline in the *Financial Times* about the experiment said 'Worker-directors lose touch with the men' (24 January 1969). The *Daily Mirror* (15 November 1971) called the employee directors 'stooges in the boardroom'.

A full-length book about the BSC experiment, *The Worker Directors* (London: Hutchinson & Co), by four academics, appeared in 1976 and politely panned the idea. 'We have painted a relatively stark sociological picture of the BSC worker-director scheme and have argued that the worker directors had no effect on the decision-making process because the board was not really the place where it occurred; we have also argued that even if it

had been things would have changed little; management have a monopoly of knowledge, of language, and of authority; the worker directors were individuals with no sanctions and no power. Nor did the scheme lead to the representation of shop-floor interests at board level or a feeling of involvement in the organisation on the part of the workforce.'

Besides criticism from the press and academics, harsh judgments about the scheme have come from some quarters of the trade union movement. The employee directors are sensitive to all the criticism – some justified but much of it totally unfair or over-stated. This book itself is in part their attempt to set the record straight.

Specific criticism of the employee directors maintains that they are:

- without real power
- distrusted by colleagues
- cut off from the shop floor
- lacking in ability
- enjoying power without responsibility
- hand-picked
- non-militant
- indoctrinated into management
- an erosion of managerial authority
- a career-threat to managers
- controllers of information.

It is a source of constant surprise to employee directors when they are criticised for being distrusted by colleagues, cut off from the shop floor and lacking in ability. How is it then that most of them are active lay officials in their respective trade unions – in some cases at very high levels? (The majority of the original employee directors regained their trade union positions after a four-year absence – no small feat, as anyone who knows anything about the internal power conflicts of a trade union will confirm.) Their positions as trade union officers are confirmed annually by the general membership of the trade unions at the grass roots.

While the present selection process is not the most democratic possible, how could first individual unions and later the TUC Steel Committee put forward the names of men it considered to be untrustworthy, non-representative, incompetent management stooges? Or, on the other hand, if the employee directors

were so ill-equipped for their responsibilities, how could some members of management see them as career-threats?

'I think all employee directors have, from time to time, been offered jobs on the staff,' one man said. 'I've personally been offered positions in the industrial relations department and all sorts of staff jobs up to departmental manager. We are flattered but we fight off these approaches by management because we remember we are trade union representatives.'

Frequently, across the Corporation, employee directors are asked by the workforce to perform some special task that demonstrates that they have the trust not only of their own union members but of the majority of the men. A recent freak convergence of chemical and engineering problems caused all four furnaces to go hard at one of the tube works – a real disaster. An employee director was asked by the men to lead the workers' inquiry into who was at fault. In the inquiry the employee director and his worker colleagues questioned general managers, departmental managers, trade union officials and shop-floor people. They studied charts and all data relevant to the blast-furnace disaster. 'Actually the result of our inquiry was not much different from management's. We allocated blame across the works.' Other employee directors have been asked to chair joint trade union committees.

Much of the criticism the employee directors receive from the academic community can be traced back to a research programme set up to examine the employee director experiment in the autumn of 1969. The BSC and the Social Science Research Council sponsored the project. The TUC co-operated with it. (See page 35.)

The research team was composed of four men: Peter Brannen, University of Bradford; Eric Batstone, University of Sheffield; Derek Fatchett, University of Wales (Cardiff); and Philip White, University of Strathclyde. A steering committee for the project included TUC and BSC representatives, two employee directors and a senior academic from each of the four universities, including Ken Alexander.

In October 1971 the researchers presented their report – in time for the major evaluation of the employee director scheme by the TUC Steel Committee and the BSC. Their findings influenced the substantial changes in the scheme agreed between the Steel Committee and the BSC within four months of receiving the research report.

The BSC arranged for research team leader, Peter Brannen, to spend a further year in producing a book in close consultation with the other three researchers. But the book, *The Worker Directors*, was not published until the spring of 1976.

How do the employee directors feel about the original research and the spin-off book?

'They certainly helped to pinpoint failings in the system and failings in the role of employee director which we were performing,' one man said. 'It's a pity they didn't highlight the good points of the role as well.'

'Why is it that their criticism of our lack of power in the board room as employee directors was not levelled at other part-time directors whom we are told are not only relevant but an absolute necessity?' one man asked. 'If the experiment was as poor as they said it was, why was it that the employee director was made a permanent feature of the structure of the British Steel Corporation?'

'We felt the researchers had preconceived ideas about what participation should entail,' another man said. 'They were not prepared to view those first two years as a learning period for a forward-looking scheme, and showed little sympathy for the position the employee director found himself in. There was also not enough liaison between the bulk of the employee directors and the researchers, although there were a couple of our men on the steering committee.'

'The researcher I dealt with was a cold chap,' one man said. 'He was looking for twelve militants and couldn't find one. He failed to understand this and seemed rather surprised to find that my opinions were rational. He couldn't appreciate that the members of the board were guided by the managing director and had an agreed agenda, so it was difficult for an employee director to pick up all controversial matters. Hell, they were novices a few years out of university and they never got the feel of the thing.'

'I read the book three times,' another man said. 'A big part of it is taken up with quotations from various other books and experts. Now it might be fine for an academic, but you couldn't give it to a man on the shop floor. There's not much guts in that book.' One of the employee directors published a critical review of the book in 'Steel Manager' (June 1976).

'The report from which the book *The Worker Directors* was written was presented to the BSC and the TUC in 1971. Changes which were suggested were adopted within six months,' he said.

'These changes were not highlighted in the book; indeed, one had to scour the introduction and the footnotes to realise change had taken place. This is a grave omission of the authors.'

'The authors downgrade the authority of the board and suggest that policy and alterations are discussed and agreed at advisory committees, but no serious mention is made of employee directors being members of advisory committees. Membership of such committees was demanded by employee directors in the talks that led to the production of the job description document covering employee director activity.'

'It grieves me somewhat to note the continued reference to employee directors "adopting a balanced and responsible view as a result of their position". This is, in my opinion, an unwarranted implied criticism of the many thousands of trade union officials who act in a very responsible and balanced manner.'

In analysing attitudes towards the idea of employee directors the researchers found that union stewards in the steel industry were the most in favour of the overall idea (88.5 per cent). Employees in general were next (74.6 per cent). Then came full-time union officials (65 per cent); directors (56 per cent) and lastly managers with only 42 per cent in favour of the idea. The employee directors felt this bit of the research showed surprisingly positive attitudes towards the idea.

'If management are so much agin it, then it must be right', said a shop-floor worker to one of the employee directors.

Part of the lack of support and criticism they received from fellow trade unionists was due in the first instance to the initial ban on their holding union office, and also to disagreement within the trade union movement regarding the broader industrial democracy debate. As one of the men put it, 'Trade unionists tend to be divided as to the root of industrial democracy, some being in favour of extending the scope of collective bargaining, others being in favour of board-room representation.' Such a split is seen in the big unions' response to the official TUC policy favouring employee participation at board level.

The largest union in Britain, the Transport and General Workers Union (TGWU), wholeheartedly supports the TUC industrial democracy policy. However, other big unions such as the Electrical, Electronic and Telecommunications Union/Plumbing Trade Union (EETU/PTU), the Amalgamated Union of Engineering Workers (AUEW), and the General

Municipal Workers Union (GMWU), have expressed varying degrees of opposition to the formal policy of the TUC. All four unions, the TGWU, the EETU/PTU, the AUEW, and the GMWU, are members of the TUC Steel Committee. The Iron and Steel Trades Confederation (ISTC), by far the largest union in the steel industry, supports the official TUC line on industrial democracy, and at their annual delegate conference in 1976 the first motion passed was 'That the National Conference calls for an extension of industrial democracy, as outlined in the 1974 TUC Report, at all levels through British industry and particularly in the steel industry. . . .'

The employee directors haven't taken all the criticism lying down. They've responded in any way they could, by firing off a letter to the editor when an unfair criticism appeared in print, by publishing critical reviews of the one book about them, by taking the offensive with speeches and talks about their unique role.

'We talk to trade union groups, to university seminars, to organisations like the Industrial Participation Association and the British Institute of Management. We've accepted invitations to speak at schools and churches and rotary clubs.' One man has spoken at a trade union and management school in Denmark and at an EEC management centre in Brussels. They give interviews to the press and have written their own articles for journals.

They are also interested in learning about workers' participation and some have been to West Germany to study co-determination.

'We're not propagandists. We just want to tell the true story from our perspective of what is really happening.'

13 The way ahead

The sudden death of Lord Melchett in June 1973, and an earlier internal reorganisation which meant that Ron Smith, although as board member he was still responsible for the development of overall policy regarding the employee directors, was no longer concerned with the immediate issues involving them, together removed a major force for the further development of the scheme.

‘The newly appointed managing director personnel, social and regional policy (April 1972—December 1974), was now in direct charge of the employee director scheme. He took the view that, since the experimental stage was over, Head Office should not be involved with us except in critical circumstances. He discouraged our meeting together as a group, and with the TUC Steel Committee, by insisting that the agendas for such meetings had to be cleared by him. When we objected, he suggested that he who pays the piper calls the tune. Later, when we met with him, he offered us nothing but a paternal politeness.’

‘We were not sorry to see him go, and we were pleased when we realised that the present managing director of personnel and social policy (January 1975—) did not hold his predecessor’s views regarding the scheme.’

At divisional and works level, progress continued to be made partly as the result of increasing support from senior management, and then in mid-1974 the situation changed at Head Office. ‘I have always said that long before the television series *Alias Smith and Jones* started in this country, we had our own Smith and Jones combination, which was always on the side of the employee directors, so we were delighted to hear that Ken Jones was going to work again with Ron Smith as the Corporation’s senior adviser personnel strategy.’

In June 1974 Ron Smith established a working party on participation which had to report by December 1974. Its terms of reference were:

To review the Corporation’s policy with regard to employee participation, to assess the potential relevance of

various methods of job enrichment to employee satisfaction and efficiency, and, taking account of the national and international developments regarding the subject, to recommend what initiatives the Corporation should take with regard to institutionalised and non-institutionalised methods of participation'.

One employee director, and Ward Griffiths, who was later to become a member of the main board, participated in the working party and they were involved in the sub-committee of the working party concerned with the future of the employee director experiment.

'In September the chairman of the working party met us all to outline its preliminary views and when the final report came out at the end of December I think we backed all its recommendations regarding employee directors and other methods of employee participation.'

The working party's report stressed that priority in the Corporation should be given to increasing 'direct' participation of individuals – for example, in the planning of their jobs so that employees could make greater use of their skills and abilities and be given more autonomy over tasks to be performed. However, important recommendations were also made with regard to the further development of collective bargaining, joint consultation, communications and the employee director scheme.

'Naturally we were pleased to see it stated once again that we were part of a total involvement scheme. We had always, even before we held union office again, encouraged the development of better joint consultation and collective bargaining.'

The report was now passed over to the executive side of the Corporation for consideration and action. 'Last time there was a major evaluation of the scheme new proposals were agreed with the Steel Committee within four months so I expected that discussions would soon begin with the Steel Committee and we would have an even better scheme operating by mid-1975.' While the working party was meeting the Corporation became involved in the preparation of a far-reaching internal reorganisation which would replace its existing manufacturing product divisions with regional manufacturing divisions and profit centres, and this fact had to be taken into account. 'The recommendations concerned the main board, the new regional management committees, and works management committees.'

In brief it argued that between twenty-five and thirty-five per cent of the main board should be employee directors; at the regional boards there should be approximately one-third employee directors present; and at the works level, employee directors should attend their own management committees, together with union representatives elected through the negotiating and consultative machinery.'

'I don't know what happened to the main board recommendation but I have been told that the last chairman did make proposals to the appropriate minister', commented one employee director. 'But I have never understood what happened to the regional level recommendations. All I do know is that about fifteen months after the report was finished the Corporation proposed in early 1976 to the Steel Committee the appointment of three more employee directors whereas the report had said there should be ten or twelve more. This was too little and too late. By then the Bullock Committee had been set up and it was clear that the Government was going to have to do something and so naturally the Steel Committee rejected the Corporation's proposals. For the first time since the scheme started the Corporation lost the initiative and it only had itself to blame.' 'I'm afraid that, rightly or wrongly, I came to the opinion that at that time certain influential people in the Corporation did not wish to develop the employee director scheme further or indeed draw any attention to it. This was a great pity because the question of employee directors was becoming one of increasing importance, and after all we were almost the only people in the country who knew what it was like to be an employee director.'

This sense of neglect received a further impetus when the work of the two enquiries into employee participation in the private and public sectors of industry, the Bullock and Lord Committees, got under way in 1976. 'I admit that the terms of reference of the Bullock Committee excluded the public sector, but the same practical problems will be faced by employee directors in the private sector as in the BSC — relations with the shop floor, with the unions, with management, how to "wear two hats", confidentiality, learning the routines and jargon of the board room. Yet nobody asked us for our views.' 'We had expected to be approached to give evidence by both committees as after all we had nine years' practical experience as employee directors. I think that almost all that they knew about us was based on an out-of-date book written about the experimental

scheme.' Another blamed the BSC more than the Committees. 'I am sure the BSC, like other employers, could have given evidence to Bullock. If they didn't they were wrong, and if they did they were wrong, because they never asked us for our views.' But another considered, 'We must take some of the blame. We should have got together and decided to approach the Committee directly.'

Whatever the rights and wrongs of this argument the fact is that the Bullock Committee reached its views without talking to any of the people who could have told them something about the practical problems likely to be faced by British employee directors.

The BSC now has a new chairman who, in his public statements, has indicated his support for further employee participation in the BSC and who has also made a point of holding group and individual discussions with the employee directors. 'When he came to my works he was able to see for himself how good my relations were with the full-time and part-time officials as well as management in my area,' remarked one employee director who is a senior lay official in his union. 'We now hope there will be further development. What we have got to get is a system which links employee directors at works, regional, divisional, and national level. However, we think that we must take an active part in discussions with the unions and management about the future of the scheme.'

On 26 October 1976, the employee directors presented to the chairman of the Corporation a document outlining their views about the establishment of a trade-union/management/employee-director working party with the aim of having a modified scheme with trained employee directors operating by April 1978. In the meantime, the employee directors have prepared their own Manifesto (page 3) which states their unanimous views as to how they feel the BSC scheme should develop.

After almost nine years, and several reorganisations, the BSC scheme operates, at divisional and regional level, far more effectively than seemed possible in the early years. 'We now sit on planning, finance, divisional and works management committees. I have found that with this reorganisation there has been an even greater involvement. Since last March (1976) I've been more involved than ever in these different committees and this enables me to put forward the workers' point of view even better.'

They are very aware that there must be adequate representation at the main board where, at first, they wish to see one-third employee directors. But just as important as the main board is representation at works management committee level and even departmental level, where many of the employee directors feel that their training should begin – ‘Annual Operating Plans (AOPs) are developed originally in the departments and these are all combined together in the works management committee. Trade union officials ought to be in on the making of the AOPs at department level where the departmental manager is saying “We will push 300 tons per hour through this mill for the next twelve months.” We ought to be there and discussing with him whether we can get 300 or 290 or 310, and all the other problems that go along with the manager’s job. Then at works level there should be branch officials and stewards sitting on the management committee and this is where the future employee director ought to come from. He ought not to be plucked from the shop floor and suddenly put on a board covering possibly a third of the country or a third of the industry.’

The representation of employees at works management level is seen as important to getting a joint commitment by employees and management to the production objectives of the industry. ‘If worker representatives take part in planning what that department can do next week, next year or whenever it is, you will get involvement. You’ve then got a commitment and that I think is where our participation falls down at present. The only say we now have as to what the Annual Operating Plan will be is when it is brought to the group management committee or to the board management committee. We do not have a say in the formulation of that AOP at departments and works. I think this is a major weakness, because trade unions in the departments and works do not feel committed.’

At the same time the employee directors believe that ‘Involvement at works level will mean that we can get management to understand better the problems and grievances of the men on the shop floor as we have done at divisional level. This is our industry, and we have got to make it work.’ Another employee director felt, ‘There will always be differences of opinion between management and workers, but conflict of this sort need not be harmful if we really understand each other’s point of view, and I think the employee director idea at all levels

will help unions and management to work together. But let's be clear: first of all I am a union representative, because the union nominated me, but that doesn't mean I cannot be a good director as well.'

Relations with the unions have continued to improve. In a recent case, a local employee director was chosen to present to the chairman of the Corporation the case for his works council on a proposed development scheme. Also present were the full-time officials of various unions. 'I did my spiel, and after it two of the leading full-time officials in the area came across to me and said, "Thank you very much. You could not have put our case better, but will you do one thing for us? Once the plans are finalised will you arrange a meeting for the full-time officials to have a look at them? I think we have been going along the wrong track, we have been trying to do things alone and we ought to have been involving you." What has now happened is that the managing director has monthly meetings with the employee directors, his other directors and certain full-time trade union officials.'

There are still, within the industry, active trade unionists who are opposed to the employee director idea and convinced that they certainly should not hold union office.

'At the last election for the executive I was told that quite a few members would not vote for me because I was an employee director. However, I am glad to say that my majority was far bigger than in the previous election.'

In the words of another employee director, 'Of course there will always be opponents of the idea of employee directors. Many managers will feel threatened, many extremists think it will somehow either weaken the sense of class conflict or lead to workers' control of industry, and a lot of people will never understand how we can be employees today, union officials tomorrow, and directors on the third day. But we have shown it can be done, whilst bringing to various management boards in the Corporation the point of view of the ordinary employees which I think has often helped management to come to better decisions, which have also been to the benefit of the workers.'

So what advice can the BSC employee directors give those who may have to tread the same road?

Our Manifesto, together with the contents of this book, has its roots in the trials, pitfalls, successes and mistakes which have been made during the past nine years. The present scheme still

has weaknesses which can and must be overcome by making changes which take account of the special features of our industry – its employees, its unions and its management. We feel sure that worker directors, unions and management in other industries will have to go through similar problems and find their own solutions but we hope that our experience will help to prepare them for what is ahead and give them some encouragement.'

Part IV A view from the top

14 Ward Griffiths, BSC main board member*

Unlike the seventeen employee directors who sit on divisional boards, Ward Griffiths is a non-executive member of the Corporation board. He was among the first BSC employee directors but was swiftly promoted from their ranks. He has a special relationship with the employee directors – he is one of them, attends their meetings when he can, and is looked on as sort of an elder statesman.

Ward Griffiths experienced a meteoric rise in his career that would unnerve most people. Within two years (1968–1970) he moved from process worker to employee director to membership of the British Steel Corporation's main board. His name went from the punch clock at the Ebbw Vale works to page one of the BSC's Annual Report and Accounts. He was given an office and a secretary in London. Within five months of his appointment he jetted to Japan to size up competition. He's been on fact-finding trips to Germany and France.

Early days

Like most men in Ebbw Vale, South Wales, Ward Griffiths is a steel man. It's in his blood. He began working with steel at the Ebbw Vale works in time to draw his first pay at Christmas, 1939. 'I started as a mill scrapman in the new tin-plate mill, with a take-home pay of £2 8s 5d,' he said. 'Here steel is a way of life, even the children talk steel and know the names of the union leaders at the works.'

A chauffeured car took us to the mill where Ward Griffiths spent thirty-two years in two jobs. Griffiths walked through the plant with long strides. He is six feet, slender and fit at sixty-one. He wore a grey suit, a co-ordinated pastel striped shirt and green floral tie. A safety helmet framed his bushy eyebrows and

* This chapter is based on an interview carried out by John Bank.

grey-blue eyes as he shouted against the roar of rolling steel. The air was hot and humid from the water and oil used to cool the spinning steel in the process to reduce its gauge for making tin cans.

Griffiths pointed to the mill he used to work as it whirled coils of steel nearly six feet high. 'This mill runs 5,000 feet of steel a minute. As a catcher I had to keep tension in the steel between each mill. As the coil came off onto the pay-off leaves, that coil had to be stripped off the reel. I did that with a hydraulic device. When wreckages occurred scrap steel piled up in the mills and had to be dragged out. Cuts to the face and hands were quite common.

'I was shocked to learn at a union conference that the plant we had in 1938, which was supposed to be a new technology – the first of its kind in Europe – in fact was already twenty years out of date in America.

'After nine years of total unemployment in Ebbw Vale we were happy to get work. More important, we were a team. I don't mean just a production team (we could all do each others' jobs and rotated them on our own when a man got fed up). We were a team of people; we had a feeling for each other; we'd invite each other out and our families mingled.'

I talked with Jimmy Jones, a roller. 'I've worked with him all these years and I've found him alright,' Jones yelled in my ear. 'Good luck to him, he's in a good job now and that's his luck. It won't make him bent. Workmen like him and me if we go to higher jobs are still half workmen, aren't we? And it's nice to see workmen get on somewhere, isn't it? In the old days you had to be a blue-eyed boy to get on, or a boss's son. Ward's an ordinary workman and he's gone up but he still understands how we feel about things,' Jones shouted, turning back to his mill.

I asked Griffiths how he kept his hearing. 'I always wore ear plugs. The men have got ear muffs provided free but won't wear them. You can't persuade people that this is a thing that can creep up on you very very slowly until you're deaf as a stone.'

Griffiths was shouting, spraying the machinery like an old-time Shakespearean actor showering the front rows. 'That man is throwing off the coil for the foreman to check the gauge. You don't really want a sectional foreman. He crept into the industry here in the mid-60's. Now you've got a foreman for each mill whereas in 1939 we only had one foreman for the whole shift. When I started here *you* had to be accountable for your own

work. You checked it. The foreman takes over this responsibility and the worker begins to feel less a man. It breeds indifference. Any man, don't matter who he is or what he is, likes a bit of responsibility.'

Ward Griffiths sought responsibility through his trade union, the Iron and Steel Trades Confederation (ISTC). He began as a volunteer organiser helping the branch secretary to enlist men in the union. He joined committees but stayed on the fringe until 1960.

'I felt concerned about the way branch officers were elected. At the meeting, if only one man was nominated for the office he was elected. So I got nominated to stand against the branch secretary. I pressed for a ballot of the whole membership - 650 men - instead of leaving it to the dozen who went to the branch meetings. I was told that the constitution of ISTC didn't allow it, but I wrote to the general secretary and it was left to the branch rule. Our branch rule permitted the ballot and I was voted branch secretary.

'Later I became a delegate to the TUC, served as secretary of the ISTC Joint Committee and joined the ISTC executive. To be a BSC worker in 1968, I was told to give up all my trade union positions. For me the loss was quite great and I debated it with myself. But I saw the worker director initiative of the Corporation as breaking new ground in participative management which I had always believed in. I accepted.'

Ward Griffiths left school at fifteen. His stonemason father had paid a penny a day to go to a church school in Pontypool. He tried to foster education for his seven boys and one girl but Ward balked. Four of his brothers won free scholarships to a direct-grant grammar school and went on to college. Two of them today are headmasters.

The BSC sent Griffiths to the first five-week course at the Steel Industry Management College at Ashorne Hill and at the TUC College. Under the pressure of the course Griffiths nearly packed it in. He invited his brother, a graduate, to Ashorne for tea. He talked with the other worker directors. He stayed. 'You may think I'm big-headed, but I would argue that I came through that course quite well, if not better than most.' It was the only formal training he would receive.

Griffiths divided his time 50/50 as a 'feeder' in the works and a director. He covered the whole division with two other employee directors. They worked jointly in their new roles but did not act

collectively at board meetings. 'We were there as individuals with our own views. Never did a situation develop where we said, "right, this will be our joint approach."'

Life at the top

One day early in 1970, Griffiths' wife told him that Lord Melchett, then chairman of BSC, wanted to talk with him. 'I wondered, "What the hell does Melchett want me for?" and thought one of the managers had reported me for being with a team of union officials during a negotiation.'

Lord Melchett asked him to join the Corporation main board as a non-executive director. Griffiths met with minister Harold Lever and kept him waiting for three weeks before he accepted the appointment while he raised the matter with his local branch. Griffiths got from the union an indefinite leave of absence securing his position on the seniority line. The then Minister of Technology, Anthony Wedgwood Benn, authorised the appointment and Ward Griffiths began his first three-year term on 1 June 1970.

Today Ward Griffiths earns £4,000 – about what he'd make as a roller – as a non-executive director with special duties. With no additional training, he went straight on to the finance and planning committees. His only immediate preparation for the main board came through the post. He received two years of back minutes of board meetings from the corporation secretary. 'They made no sense to me at all,' Griffiths recalled. He also served on national committees and working parties. He helped BSC begin a joint venture with Grundy Auto producing stainless steel exhaust systems, and took a seat on the Grundy board to look after the corporation's forty-nine per cent equity.

Is he a genius at finance?

'I'm not good at maths. It's a hard slog and I have to risk making myself seem foolish. It's a cost you have to pay. You can't sit back and say, "I'm never going to open my mouth until I know it bloody all, right down to the last detail." It's part of a learning process,' Griffiths said.

'Three weeks each month I had to make trips to London. The finance meeting fell in the first fortnight. The planning committee meeting came after that and then the board meeting. In addition there were many national committees and working

parties. The last one I was on dealt with the recruitment and retention of labour in the industry. I had to go round to a number of plants to discuss these issues with the people'.

In one reorganisation, the planning committee was dissolved, but the finance committee continues as a decision-making committee of the main board. It keeps under review the financial requirements and resources of the corporation. 'It covers a wide field – foreign investment, national borrowing, transactions about land and building, interest rates, and that sort of thing. We try to alert the corporation to financial dangers and to help it steer a right path,' Griffiths explained.

As a member of the board Griffiths shares with other members and the Chairman in the following responsibilities:

- (a) to set overall policy for the Corporation;
- (b) to review and approve strategies for the achievement of these objectives;
- (c) to decide on entry into new fields of Corporation activity;
- (d) to approve Medium Term Plans and Annual Operating Plans;
- (e) to authorise, or delegate the authorisation of, all capital expenditures;
- (f) to approve major organisation changes, subject to any ministerial consents required;
- (g) to approve, or delegate approval of, senior appointments;
- (h) to keep under review general policies of employment;
- (i) to deal with matters of policy affecting ministerial and government relations;
- (j) to take decisions on all matters not delegated by the board.

Griffiths was upset by a film on decision-making in the BSC shown in 1976 on ITV. 'I was bitterly disappointed at that film. The film never reflected to the public how the BSC board worked. It failed to mention that the board had spent twelve months – at different times, not continuously – dealing with the decision they portrayed. It seemed to limit its scope to showing how political power operated within the corporation. The power was presented in such a way that no part-time board member as a single person could ever get to grips with it or combat it. I don't believe this to be true.'

'When I first went onto the board I raised matters about day-to-day happenings which were more important to me than the plans for the future we were discussing. Most of the time I was told to

see someone outside the board about those matters. Occasionally, as when I offered my ideas on the stainless steel strategy, I got a different response and the issue was dealt with.

‘My time wasn’t wasted because, although there was no formal recognition of the things I had raised, once the board was over, the executive people would begin to make inquiries and to get things done. I’ve continued doing that over these last seven years. The worst that can happen is that the Chairman will say: “Ward, that’s not within the realm of the board,” and that’s not a very severe penalty to suffer.’

‘The two years on the divisional board were absolutely vital to my move to the main board. If I had gone straight on to the main board it would have taken me much longer to get to grips with things. As it was it took me about eighteen months to feel confident about going into board meetings – to have read all the papers, to identify those items I didn’t understand, to ask for clarifications and to speak to what I knew.’

‘The main board is a different world from the divisional boards. It’s a decision-making body. It looks right across the industry – not purely at a regional part of it. Quite frankly I didn’t know what the word “parochial” meant until I became a top board director.’

‘Other board members had to be conscious of my background and make allowances for my outbursts from time to time. That must be the case if they’re going to have chaps like me on the main board who don’t always follow the letter of the law. Being the only worker on the board was a bit awkward. There have been many occasions when I longed – dearly wished – that there were two or three more chaps like me on the board.’

At first Griffiths naively thought he would be directly responsible to the minister for his performance. He soon found out that he was accountable to no one except remotely to the chairman. ‘I have a free hand, with nobody breathing down my neck, nobody to report to. Outside the board room meetings and committee and working party meetings I’m on my own – a free agent. I fill up my appointment diary with whatever I think I should be doing.’

His original job description listed his main responsibilities as:

1. to attend and participate in the meetings of the Corporation board
2. to be a member of:

- (a) the finance and capital approvals committee
- (b) the planning committee
- 3. to participate in working parties and advisory committees as required
- 4. to be available for consultation with the managing director personnel and social policy with regard to:
 - (a) the social consequences of the Corporation's rationalisation programme
 - (b) the functioning and development of the employee director experiment and other methods of employee participation in management
 - (c) general personnel services
- 5. to undertake when required, by the managing director personnel services, in consultation with the product division managing director, special duties in connection with the redeployment, retraining and resettlement of employees
- 6. to participate in management training courses and discussions on the question of employee directors and other methods of employee participation in management.

It was spelled out clearly that his job is advisory and carries no specific line or functional authority.

Grass roots

Griffiths had told Lord Melchett, at the outset of discussions about his appointment to the main board, that he would not even consider the offer if it meant severing his connections with Ebbw Vale. It was a brave position for him to take. In his first two years as an employee director Griffiths had learned about the pending closure of the works at Ebbw Vale.

His strategy for dealing with the closures was developed before he took up the new appointment. It began with demanding full disclosure. 'I kept pressing to get the issue out in the open. If this is really going to happen here, then the sooner the people of Ebbw Vale know, the better.'

'I then tried to convince the trade unions, particularly my own union, ISTC, that would bear the brunt of the closures, that they should accept the fact that the works was thirty-eight years old – too old to be competitive. I suggested that they accept the closure

of the steel making part and concentrate on keeping the hot mill, and I believe this approach would have worked. But they rejected me and my advice. They saw the battle as theirs alone, rejecting even the local authority's role. Since management at that time hadn't been unionised, the struggle was between the blue collar workers and the Corporation. The unions didn't have the information to build up a coherent case against the closure. They lost. Later at Shotton (works) where unionised managers joined blue collar workers in the fight against closures, they were successful in obtaining a re-examination of the case for closure.

When the closure got under way, Griffiths helped develop counselling services at Ebbw Vale. The counsellors were men from within the works who knew it well and were specially trained to counsel other workers on redundancy, retraining and alternative employment. Most of the time Griffiths was in the background. He had some influence in delaying closures. In July 1974 Griffiths was informed by a union branch official at Ebbw Vale that the £40 per week ceiling used in the calculation of redundancy pay was to be lifted to £80 per week as the result of government legislation. He agreed to raise this question at the level he operated. A few days later he tackled the corporation's managing director personnel, social and regional policy at a buffet lunch in London. 'I cornered him and asked what he was going to do about it and he said, "Nothing, I'm going to have my lunch," and went about picking bits of chicken off the plate. I blew up and said: "This is the last time I'll ever come to you about anything. Obviously you're not interested. In future I'll go to the top of the tree because you're making fools of the men and discrediting the Corporation." When I went back to my office after lunch I found a note from him saying, "I considered what you said and want you to know the men have two choices. Either they can go ahead now and when the £80 calculation comes through, they will get it. Or you can get the reduction of the crews delayed until the new calculation takes effect." The men went for the delay and Griffiths recalled, 'It was a considerable sum of money involved in the issue. More important, the men involved were convinced that someone was trying to bloody diddle them'. Griffiths, reflecting on the event, pointed out that this managing director's attitude was not typical of that of other senior officials in the corporation.

'The things I do off my own bat aren't always as dramatic and

often they affect only one individual or a single group and no one hears about them.'

Today Griffiths works closely with the BSC campaign to attract new industry to the Ebbw Vale area. He is currently dealing with an Austrian company that is exploring a totally new approach to greenhouse growing using hydroponics and tall glass towers. 'We make it clear that there will be no taking advantage of our high unemployment here,' he said with an unlighted cigarette in the middle of his lips. 'No one will come into the Ebbw Vale area to get cheap labour. They'll pay the going rate.'

Griffiths is perplexed by the problem of achieving a viable, modernised national steel industry, while taking into account the social consequences of closures and demanning and keeping it from hitting the people too hard. 'I would argue, if I sat my time over again, regardless of the cost, you will not close a plant down until (a) the new plant is operating (time has shown that they have closed plants down that would have been very valuable assets to the Corporation and (b) there are jobs available for the men. I regret I haven't done this. I thought the Corporation's way was right and there was no way we could foresee the economic downturn that has crippled all of our redeployment efforts.'

Griffiths has received much criticism for being party to the closures. Some of it he feels is lopsided. 'Nobody ever asks you about the investments you've made that create jobs. All we employee directors are ever asked is: "What have you done to stop that?" Nobody ever says, "Well, did you have any hand in the £100-and-some million in the Ravenscraig expansion or the £100-odd million in Port Talbot or the £60-odd million currently being spent at Ebbw Vale?" We *did* have a say in it and we advocated the investment. And I had a big part to play in some of it.'

For the employee directors Griffiths has been their man on the inside. 'When the big issue came up about the guaranteed work week agreement, we had a meeting of the employee directors in London. They asked me to give them an account of what had happened in the board meeting. I told them the whole story. I said that it was the first time in my experience that the board had made a definite decision about a policy towards the unions. It didn't make any difference whether I agreed with it or not, it was a board decision. I disclosed the information to them in con-

fidentiality and I think this is right and proper. And that confidence has never been broken.'

Confidentiality isn't the problem for Griffiths, it's increasing the flow of meaningful information. 'People today want information that leads them into the future a bit. Not that they want to know what's going to happen in 1979, but they would certainly like to know what's going to happen ten months from now. Gone are the days when a manager could go into a joint consultative committee and satisfy the men with a résumé of what happened over the past three months. That's quite valuable but I think the chaps want to have a look into the future.'

Looking back . . . and forward

What advice did he have for future worker directors?

'They will be different from us for the simple reason that they won't have the disruption of trade union continuity that we suffered in the beginning. They will also have the trade union commitment behind them.' (Griffiths hasn't missed a TUC conference since 1967 and is still a delegate to the Ebbw Vale Trades Council.)

'I would tell future worker directors to continue as though they were still in their trade union capacity, but to expand it as their knowledge becomes greater as to how the whole huge machine works. I would encourage them to take the fullest opportunity of gaining as much knowledge of the system as possible.

'There would also be little hints like – use the secretariats and the secretaries of key people in the Corporation to get all the reports and data you need to understand the details of items on the board meeting agenda.'

'One warning I'd offer is to understand the degree of danger of being caught up in the managerial social scene. But a worker director would be a fool to stay away from all of it, because in a social setting he can buttonhole key people and put over valid points and propositions while the debate is still open.'

'Realistically there is a limit to the time a chap can stay on the board and still be effective. I've demonstrated that there are thousands of Ward Griffiths about in the steel industry – any of whom could sit on the Corporation board.' Though not a signature to it, Griffiths supports the Employee Directors'

Manifesto (page 3) calling for an initial one-third of Corporation main board seats.

By this time we had walked the length of the works. 'Before I left this mill this country was self-sufficient in the tin plate industry. We exported a hell of a lot. In the last five or six years it's changed. We are importing large quantities of tin plate and our exports haven't improved at all. I can't understand that. Maybe we've failed to deliver or maybe our quality has slipped.'

I drove him home, a few miles from the works. He told me he declined his first invitation to the Queen's garden party. His wife, Maisie, was furious. Over tea she relived this past summer's royal garden party. 'The royal family made their entrance just as Ward, our daughter Janet and I were coming through the door,' she said. 'It was splendid!'

Griffiths claims to have placed his duties as a father above any personal ambition in Labour Party politics. 'I bitterly resent the continental system [a shift system used to keep the works going twenty-four hours a day, seven days a week] because of the damage it does to family life,' he said. 'When my five kids were little, when I was at home they were in school and when they were at home, I was at work. On those weekends I had off, I spent the time with them.'

They're grown up now and he's away a lot, with many meetings in London and trouble-shooting trips across the country. But it could all stop any day now as his third term on the corporation board runs out. The new chairman at BSC may want a new board. To go back to his job in the mill would bump men off jobs down the seniority line and Griffiths wouldn't like that. Yet he's not the kind of man to be put out to pasture. A number of private companies could be very interested in him. . .

Part V Conclusion

15 On from Bullock

As the history of worker directors in Britain unfolds, the pioneer role of the BSC employee directors will be recognised. Misconceptions about their role will be cleared up. This book is an attempt to help that process. It tells the story of how Britain's first worker directors – unique individuals with all their skills and limitations – took the first steps toward board-room representation in an imperfect scheme. That experiment has evolved into a permanent institution which could well develop in the direction of their Manifesto.

Misunderstanding of the BSC employee directors has been widespread and tenacious. In the first of only two references to them, the Bullock Committee's report adds to the confusion. The reference comes in a section setting out the TUC view that board representation based on a single channel of trade union machinery was a natural extension of the new policy-making role of trade unions. 'In their oral evidence to the Committee the TUC reiterated this view, indicating that as long as any system of employee representation on boards made the employee directors truly representative and properly accountable, then there would be no reason for such a system to undermine existing joint machinery. It was the failure to incorporate these principles in the British Steel Corporation worker director scheme, the TUC argued, that accounted for the relative lack of success of that experiment.'*

We could not disagree more strongly with that summary judgment – that the present BSC employee directors are not truly representative or properly accountable.

Their representative role is a central theme of this book. The men have explained their selection first by their own trade unions and later by the TUC Steel Committee. Their names went forward because they had the qualities of true representatives and the capacity, in fact, to speak for employees when they attended divisional board meetings and served on committees,

* *Report of the Committee of Inquiry on Industrial Democracy*, Chairman: Lord Bullock, HMSO, January 1977, p. 43.

sub-committees and working parties at all levels in the Corporation.

On appointment, the challenge the men took up was to develop a significant role from their ill-defined board positions. They saw their presence in the board room as representatives and they designed report-back systems. They created a network of formal and informal links with existing trade union machinery. In 1972, when the ban against holding trade union office was lifted, employee directors were elected to union office across the spectrum, including committee man, branch secretary, convenor of shop stewards and, in one case, national president. These positions enhanced their representative role as employee directors.

They saw themselves accountable to the employees in general, the particular trade unions which had nominated them, all the trade unions in their constituencies, and, in a special way, to the TUC Steel Committee. They considered themselves accountable to the TUC Steel Committee to the extent that they could be asked to resign on fundamental issues of confrontation between the Committee and the Corporation.

The worker directors who have spoken candidly in this book about the reality of being board-room representatives are the first wave. In their own work lives they have experienced unprecedented rates of technological and organisational change in the steel industry. They enjoy a higher standard of living than the steelworkers of any previous generation, but they exist on the edge – aware of the threat such rapid change poses to their own livelihood. They have spanned twenty to forty years in the industry from the days of the ‘steel barons’ who exercised princely prerogatives, to the bitterly contested nationalisation of the industry, to the present calculating strategy of the British Steel Corporation not only to survive but to prevail against fierce international competition. When they first took jobs in steel, decisions that directly affected their ability to earn a living were made outside their control, often by unknown men in the light of knowledge they did not have. All of that has changed now and they have been at the spearhead of the incursion into the decision-making zones of their industry. Society has also changed and more people have become aware of industrial democracy.

Advocates of current plans for a radical extension of industrial democracy in the control of British companies often draw an analogy between political and industrial democracy. They

contrast the high degree of democracy which a worker enjoys in his political life with the low level of participation he experiences within the enterprise. They demand that power within private and public companies be more equally distributed and that a structure of accountability be developed.

The analogy raises two problems straight away. Democracy within the enterprise requires that the form of workers' participation itself be internally democratic, which raises many questions, including the issue of internal trade union democracy.

The second problem arises because industrial democracy implies a harmony within the enterprise, a new partnership between labour and capital. As the Bullock Committee's report explained:

. . . the problem of Britain as an industrialised nation is not a lack of native capacity in its working population so much as a failure to draw out their energies and skill to anything like their full potential. It is our belief that the way to release those energies, to provide greater satisfaction in the workplace and to assist in raising the level of productivity and efficiency in British industry – and with it the living standard of the nation – is not by recrimination or exhortation but by putting the relationship between capital and labour on to a new basis which will involve not just management but the whole workforce in sharing responsibility for the success and profitability of the enterprise.*

The harmony can be brought about only by a system of participation that balances interests among employees and shareholders as equal stakeholders in the firm. In Bullock's view it requires direct representation of employees on company boards in parity with the direct representation of shareholders on boards.

Parity – equal representation of employees and shareholders in the board room – is at the heart of the radical distribution of power recommended in the Bullock report. It is not seen as a crucial concern by the employee directors within the context of the BSC. Not one of the men called for immediate parity. Their initial demand is for at least one-third of the seats on the divisional and main boards. In their experience they have been at pains to keep the collective bargaining function and the

* *op. cit.*, p. 160.

employee director's role separate. The fear is that parity might hamper true participation and co-operation between management and trade union representatives by bringing bargaining power-games into the board room. With nine years' experience behind them, they are also aware of the by-pass mechanisms management could develop to avoid fully involving employee representatives whatever their numbers. Should minority representation not produce true participation they reserve the right to seek parity.

The present BSC employee directors are not striving for workers' control. Their concern is for a significant share in the power of decision-making that stops short of control. Their bid is for participatory democracy which has as its necessary condition the participation of the governed in the decisions which affect them. The logical goal of such democracy is to create a participatory society into which industry would be fitted as a political system in its own right. Although such a system may fall far short of self-management, it is difficult to envisage without the exercise of controls over managerial prerogatives.

This notion of democracy is fundamentally different from Winston Churchill's famous definition: 'Democracy is taking proper account of the inconvenient prejudices of other people.'

If the experience of West Germany and Sweden with industrial democracy has any bearing on Britain's debate, it is certain that worker directors will be opposed by many and will come about only by law. But it is also likely that after the struggle – as in those two countries – worker directors will be recognised as a positive contribution to industrial life by the vast majority.

Arne Geijer, President of the Swedish Trade Union Confederation LO, explained the rationale for worker directors in Sweden: 'What we want to do is to reintegrate the production process with planning, organisational, decision-making and control functions which are at present entirely separate. This would appear to be the only possible way of increasing personal responsibility and adaptation, and with it job-satisfaction within the enterprise. This does not mean that management becomes altogether superfluous. What it does mean is that management must be composed of both workers and employers, and their power must be fixed accordingly by both sides.*'

* Arne Geijer, *Industrial Democracy* (Stockholm: Swedish Trade Union Confederation – LO, 1971) p. 8.

Like their trade union colleagues in Sweden, the BSC employee directors see workers' participation as a multi-faceted activity. Collective bargaining is vital. There is also a need for individual workers and groups to exercise greater control over their jobs – to get involved in job restructuring and design. Important as these levels of participation are, they are no substitute for employee involvement in policy formulation and decision-making. The 'board room doors' at all strata within the company must open to employee representatives.

Ultimately the worker director debate is a question of power-sharing. Are shareholders and managers willing to devolve power to their employees? Are workers ready to receive power? The first question now hangs in the balance. The answer to the second by the British Steel Corporation employee directors is an unshakable 'Yes.'

Appendixes

A Relationship between BSC main board and group boards – May 1968

The responsibility of the Corporation's main board was to fulfil the duties laid upon it by the Iron and Steel Act 1967 and to achieve the objectives described as follows in its 'Report on Organisation 1967' (Cmnd 3362 August 1967):

'The Corporation regards its basic objective as being the achievement of the maximum long-term return on its capital investment consistent with (a) strengthening its marketing and technological position in the world steel industry; (b) providing British industry with products that are competitive in price, quality and service; and (c) ensuring the efficient and socially responsible utilisation of human resources.' (Para 47.)

In order to achieve these objectives the fourteen nationalised companies were organised into four groups. The members of the group boards were appointed by the chairman of the Corporation, and the chairman of each group board also held the role of group managing director in addition to being a member of the Corporation's main board. The function of a group board was to assist its chairman in discharging his responsibility for the overall direction of the group, including the preparation and implementation of the Annual Operating Plans and schemes for new capital expenditure, and advising on issues involving regional and social factors. The executive management of the group was the responsibility of the group management committee, which consisted of the full-time members of the group board.

B Syllabus of training course

Of the original twelve employee directors only four still hold office. One went into Parliament, others retired, or were replaced, and the new men have been trained on appointment, generally before taking up their duties. This has meant small numbers at a time, often two new directors. Largely for this reason, the high-powered course for the original twelve has not been repeated in that form. Instead a programme of informal talks and tutorial work has been arranged at Ashorne, and usually membership of one or more full-time officers' courses at the TUC with appropriate "extras," together with some time in BSC Head Office. The duration of these programmes has remained five weeks, and they have all been jointly planned and carried out by Ashorne and TUC College staff, aided sometimes by Mr. W. E. Jenkins, senior lecturer in the Extramural Department, University College, Swansea. On some occasions three weeks have been spent with the TUC and two weeks at Ashorne; at other times the pattern has been the other way round.

The 1976—7 Course

Weeks 1 and 2 (Ashorne Hill)

- (a) Introductions; basic skills (note-taking, use of books, writing a paper).
- (b) The nature of nationalised industries, and their relation with the Government.
- (c) Overall organisation and responsibilities of BSC.
- (d) Corporate strategy, and BSC strategy since nationalisation.
- (e) The role of the employee director in BSC now (including spelling out the role and the job description, and the experience of the ex-employee director on the main board of BSC, and of a divisional employee director). TUC viewpoint; Bullock and Lord Committees.
- (f) Roles of directors and of managers.

- (g) Introduction to British economic situation; role of the steel industry in the economy; economics of steel.
- (h) Other relevant skills and information.
- (i) Brief surveys of areas of particular relevance to employee directors, e.g. manpower, industrial relations.

Week 3 (TUC)

Course in bargaining statistics (for full-time union officers); use of statistics, using calculators; price statistics; manpower information; earning figures; productivity calculations etc.

Week 4 (TUC) – Course on Company Accounts

Company financial information; analysing company report and accounts; measuring profitability; comparing performance; costs and productivity; costs and company control; companies and investment; etc. Meeting with Len Murray or Norman Willis at TUC.

Week 5 (Partly at Ashorne Hill, partly in London)

- (a) A visit to Grosvenor Place. Talks included: marketing; education and training; manpower planning; accident prevention; safety, health and welfare; industrial relations; production control; works of BSC (industry).
- (b) Visit to Department of Industry, Iron and Steel Division.
- (c) BSC standard costing.
- (d) Completion of project on the work of employee directors and their relationship to participation in general in BSC.
- (e) The NEDO Report on the nationalised industries.

C Résumé of activities and impressions of BSC employee directors since appointment

Introduction

We were invited to serve as employee directors on group boards by the acting chairman (Mr. Milne Watson).

On acceptance of the office we were informed by the acting chairman:

- (a) that we would serve as individuals representing and accountable to no other organisation
- (b) that our status would be the same as any other members of the board
- (c) that we should be expected to relinquish any office held within the trade union movement
- (d) that we should be invited to attend a five-week course arranged in consultation with the TUC. The purpose of the course would be to enable us to get an appreciation of the type of problems and decisions with which we should be confronted in our capacity as employee directors.

Role of employee directors

Initially it seemed that no one connected with this experiment could give to us any clear lines as to what our actual role should be, and because of this we were left to develop it to the best of our ability.

After much careful thought we have come to the following conclusions, which it is thought will greatly assist us to make our function a more positive one.

Group boards

We soon realised that if our contribution was to be confined to attending board meetings, monthly or bi-monthly, then it would be impossible to justify our appointment as employee directors.

Involvement in policy

We appreciate the personal responsibility of the group managing director, and acknowledge that functional directors are his advisers, but we think that employee directors should be more involved with formulating group policy, and wholly concerned with those policies having personnel and social implications.

We realise that it is not our duty to be part of line management. However, it is our unanimous opinion that we should become involved in committee work at group and divisional level. In some groups committees have been set up to deal with

- (a) personnel
- (b) safety
- (c) education and training
- (d) industrial relations.

Some employee directors were invited to serve on (a), (b) and (c) committees.

We were surprised to meet resistance to employee directors serving on the industrial relations committee, for we feel that our experience, in our advice to members, would prove of great value to the BSC and its employees.

Joint consultation

The introduction of joint consultative machinery at all levels would mean more information would be available at shop-floor level about Corporation problems and proposals. This would enable the employee directors to provide more effective feedback for policy-making at group level.

Conclusion

The success or failure of this experiment depends on the employee director being able to show both men and management in the industry that we are allowed to function and to BE SEEN by our fellow trade unionists to be participating in our role, working for the general good of the steel industry.

L. F. T. Eaton
W. D. Griffiths
J. G. Kane
J. Morrison
J. Slater
J. A. Sturman
J. E. Walton
S. Waring
C. Whur
J. F. Wiley
H. G. Williams

6 March 1969

D British Steel Corporation job description: employee director – December 1969

Basic function

As a member of a divisional board to assist the managing director in his responsibilities for directing the affairs of the division, particularly by seeking to present the point of view of his fellow employees thus contributing to the involvement of the employees in the management of the British Steel Corporation.

Main responsibilities

1. To perform his normal job as an employee.
2. To fulfil his role as a non-executive director by:
 - (a) attending and participating in divisional board meetings
 - (b) being available for consultation with the divisional managing director.

and also by

3. Attending and participating in such of the following activities as may be decided, after consultation with the employee director, by the divisional managing director:
 - (i) standing advisory committees, working parties and study groups at divisional level
 - (ii) formal and informal meetings of functional directors and local management
 - (iii) special studies or duties at home and abroad.
4. To prepare himself for effective participation as an employee director.
5. To draw on his experience and the views of fellow employees

when acting as an employee director by:

- (a) attending his own trade union's meetings within the division
 - (b) attending, by invitation, other trade union meetings as observer within his division
 - (c) attending, as observer, joint consultative meetings within his division
 - (d) visiting establishments in his division and meeting employees and management.
6. To prepare a monthly programme of his activities for submission, through his local management, to the divisional managing director for his endorsement. In the event of having to undertake unscheduled duties as much notice as possible should be given to the divisional managing director through the local management.

E British Steel Corporation job description: employee director – January 1972

Basic function

As a member of a divisional board to assist the managing director in his responsibilities for directing the affairs of the division, particularly by keeping in close contact with the joint consultative committees and the trade unions in the BSC and contributing to the involvement of the employees in the management of the British Steel Corporation.

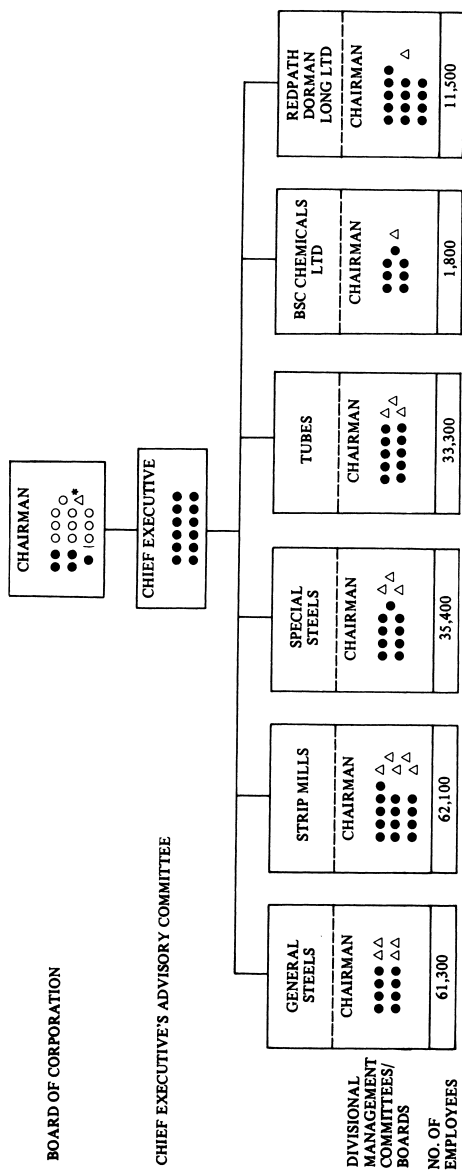
Main responsibilities

1. To fulfil his role as a non-executive director by:
 - (a) attending and participating in divisional board meetings
 - (b) being available for consultation with the divisional managing director.

and also by
2. Attending and participating in such of the following activities as may be decided after consultation with the employee director, by the divisional managing director:
 - (a) standing advisory committees, working parties and study groups at divisional and lower level
 - (b) formal and informal meetings with other divisional directors and local management
 - (c) special studies and duties at home and abroad.
3. Participating in such national working parties and advisory committees as may be agreed between the relevant board member or functional managing director, the divisional managing director, and employee director.

4. To prepare himself for effective participation as an employee director.
5. To draw on his experience and the views of fellow employees, in particular in his designated area, when acting as an employee director by:
 - (a) continuing to hold appropriate part-time trade union office, when requested by the local membership of his trade union
 - (b) attending meetings of his own trade union
 - (c) attending meetings of other trade unions
 - (d) attending and participating in joint consultative meetings
 - (e) visiting establishments and meeting employees, trade union representatives, and management.
6. To keep in touch with trade union views and maintain an understanding of trade union policies in the steel industry by:
 - (a) keeping in contact with the full-time officials of the appropriate trade unions
 - (b) attending meetings when requested of the executive council, or such bodies as national conferences of trade unions, in order to discuss the work of employee directors
 - (c) participating with all the other employee directors in discussions with the Steel Committee when requested.
7. To perform his normal job as an employee when not engaged in any of the above activities.
8. To inform local management of his programme for the succeeding month and to give as much notice as possible of any unscheduled engagements. To discuss, in advance, with his divisional managing director, participation in any extraneous activities which could affect the Corporation.

F Relationship between BSC main board and divisional management committees – March 1976



Key

● Full-time members ○ Non-executive members △ Employee directors

board member
△*Technically, this individual is not an employee director as the relevant statute does not provide for this category of Corporation

Notes

The chief executive was also a member of the Corporation's board.

The membership of the chief executive's advisory committee consisted of the product division managing directors and the functional managing directors.

The product division managing directors were also chairmen of the divisional management committees.

The divisional management committees were created in 1973 by combining the divisional boards with the existing divisional management committees.

G Main committees, sub-committees and working parties* the BSC employee directors have been involved with 1970-76

National level

Catering advisory committee
Civic and political affairs working party
Communications working party
Evaluation of employee director scheme working party
Health and safety advisory committee
Human factor research steering committee
Job evaluation working party
Participation working party
Protective clothing working party
Social policy advisory committee
Steel News working party
Wage structure and incentives working party
Welfare advisory committee

Divisional level

MANAGEMENT COMMITTEE

Absenteeism working party
Accident prevention advisory committee
Education and training advisory committee
Environment committee
Health, safety and welfare at work advisory committee
Industrial relations advisory committee
Job evaluation working party
Manpower planning working party

* This list is intended as an example only. Not all of these committees were in existence at the same time. Some of them do not even exist in all divisions.

Personnel advisory committee
Planning committee
Procedure agreements working party
Selecting first line supervisors committee
Single status working party

Group/Product Unit/Works level

MANAGEMENT COMMITTEE

Cost committee
Job evaluation committee
Manpower planning committee
Personnel committee
Planning committee
Safety and health committee
Selecting first line supervisors committee
Single status committee
Works council and associated committees dealing with
production, suggestions, welfare, social etc.

H Past and present employee directors

| <i>Name</i> | <i>Union</i> | <i>Occupation</i> | <i>Works</i> |
|-------------------|--------------|----------------------|----------------|
| Bill Abrahams* | AUEW(F) | Moulder | River Don |
| John Allan* | ISTC | Rollerman | Clydesdale |
| Jim Armstrong* | AUEW | Fitter | Lanarkshire |
| Roy Chilton* | TGWU | Plant operator | Orgreave |
| Ken Clark* | ISTC | Utility man | Stocksbridge |
| Graham Davis | ISTC | Cut-up line operator | Llanwern |
| Larry Eaton* | GMWU | Chief clerk | Stanton |
| Doug Farrell* | ISTC | Slinger | Lackenby |
| Ward Griffiths† | ISTC | Five-stand feeder | Ebbw Vale |
| Eddie Griffiths | ISTC | Research chemist | Shotton |
| Norman Jackson* | NUB | Coke-oven operator | Scunthorpe |
| Arthur Jewison* | ASBSBSW | Template maker | RDL Scunthorpe |
| Jimmy Kane* | NUB | Chargehand | Corby |
| Jack Leonard* | ISTC | Temper-mill operator | Shotton |
| Joe Lewis* | ISTC | Roughing operator | Port Talbot |
| Jim McLaren* | ISTC | Switchboard operator | Ravenscraig |
| Jim Morrison | AUBTW | Bricklayer | Lanarkshire |
| John Slater | ISTC | Departmental manager | Lackenby |
| Jack Sturman | ISTC | Second vesselman | Normanby Park |
| Donald Sutherland | ISTC | Melter | Clydesdale |
| John Walton | NUB | Loco-driver | Scunthorpe |
| Stan Waring | ISTC | Foreman | Rotherman |
| Alan White* | ISTC | Storeman | Rotherman |
| Cyril Whur* | ISTC | Training officer | Irlam |
| Frank Wiley* | AUEW | Fitter/Turner | East Moors |
| David Williams* | ISTC | Shearman | Llanwern |
| George Williams* | TGWU | Foreman | Trostre |

*Present employee directors.

†Now a part-time member of the Corporation board.

Key to abbreviations

| | |
|---------|--|
| ASBSBSW | Amalgamated Society of Boilermakers, Shipwrights, Blacksmiths and Structural Workers |
| AUBTW | Amalgamated Union of Building Trade Workers |
| AUEW | Amalgamated Union of Engineering Workers |
| AUEW(F) | Amalgamated Union of Engineering Workers (Foundry Section) |
| GMWU | National Union of General and Municipal Workers |
| ISTC | Iron and Steel Trades Confederation |
| NUB | National Union of Blastfurnacemen |
| TGWU | Transport and General Workers' Union |

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